



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson

Executive Director

September 16, 2003

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**LOAN AGREEMENT WITH ARCADIA HERITAGE PARK, L.P., TO DEVELOP 11
UNITS OF SENIOR HOUSING IN ARCADIA (5)
(3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Acting in the role of responsible agency, certify that the Board has considered the Negative Declaration, including any public comment, adopted by the City of Arcadia, as lead agency, and determine that the Negative Declaration adequately avoids or reduces potential environmental impacts below significant levels, and adopt by reference the City of Arcadia's California Environmental Quality Act (CEQA) findings for this project.
2. Approve a 30-year Loan Agreement, submitted in substantially final form, between the Community Development Commission and Arcadia Heritage Park, L.P., a California Limited Partnership (the Developer), to provide construction and permanent financing to develop 11 units of affordable housing as part of Heritage Park at Arcadia, a 54-unit senior rental housing development, to be located at 150 West Las Tunas Drive, in the City of Arcadia.
3. Authorize the Executive Director to fund the loan, using \$1,350,000 in HOME Investment Partnerships Program (HOME) funds; and to execute the Loan Agreement, and all related documents, to be effective following approval as to form by County Counsel and execution by all parties.

4. Authorize the Executive Director to subordinate the Commission's HOME loan to the permitted construction and permanent financing.

PURPOSE/ JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a Loan Agreement, and related actions, between the Commission and the Developer, for the construction and permanent financing of 11 out of a total of 54 rental units in the City of Arcadia, that will provide housing for low- and very-low income seniors.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Loan Agreement provides up to \$1,350,000 in HOME funds for construction and permanent financing. The loan will be for 30 years at three percent simple interest, to be evidenced by a Promissory Note and secured by a subordinated Deed of Trust. The loan will be repaid from residual rental receipts generated from the operation of the project.

Other permanent financing sources include a loan of \$1,800,000 from the City of Arcadia, tax-exempt bond financing in the amount of \$2,500,000, tax credit equity in the amount of \$2,327,201, a proposed Affordable Housing Program loan in the amount of \$450,000, and a deferred Developer Fee of \$227,678.

The estimated total development cost is \$8,654,879. A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The site of approximately 1.5 acres is located in a neighborhood containing a mixture of commercial and residential uses. The project is also in a transportation corridor and within walking distance of local retail services that provide daily necessities for seniors. The City of Arcadia has an active senior center that can provide free and discounted meals, transportation assistance, education classes, health and wellness awareness instruction and entertainment events.

The development is a 54-unit, three-story elevated wood frame structure with stucco exterior and interior corridors. The main entrance is within a gated perimeter and the visitor entrance will be connected to each unit via telephone. All units will have balconies and include design features for senior residents. An outdoor patio and an indoor community room are provided for communal events. Surface parking is gated and located immediately adjacent to the main lobby entrance.

The development is comprised of 45 one-bedroom units and nine two-bedroom units, with one of the two-bedroom units reserved for the manager. Fifty-three units will be reserved for households earning up to 60 percent of the area median income (AMI) for

the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The affordability period will run for 30 years. The 11 HOME-assisted units will include three one-bedroom units for seniors with incomes up to 50 percent of AMI, and eight two-bedroom units for seniors with incomes up to 60 percent of the AMI.

The Loan Agreement and all related documents will be approved as to form by County Counsel, prior to execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA), and in accordance with 24 Code of Federal Regulations Part 58, the County of Los Angeles prepared an Environmental Assessment for the project and has determined that, with incorporation of the mitigation measures identified in the EA, the project will not have a significant effect on the environment.

Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Commission on April 30, 2003. Following the required public and agency comment period, HUD issued a Release of Funds for the project effective June 26, 2003.

On September 24, 2002, the City of Arcadia, acting as lead agency, adopted a Negative Declaration finding that the project will not have a significant impact on the environment, pursuant to the requirements of CEQA Guidelines. Adoption of the Negative Declaration and subsequent posting of the Notice of Determination with the County Clerk by the Commission satisfy the requirements of CEQA.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROJECT:

Approval of the Loan Agreement will increase the supply of affordable senior housing in the County.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 4

Attachment A

HOUSING FINANCIAL ANALYSIS HERITAGE PARK AT ARCADIA 150 West Las Tunas Drive, City of Arcadia

The project consists of 54 units of affordable senior housing, to be located at 150 West Las Tunas Drive in the City of Arcadia. All units will be reserved for qualified seniors with incomes equal to or less than 60 percent of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The eleven units funded by the Commission HOME loan consist of three 1-bedroom units for seniors with incomes at or below 50 percent of median income, and eight 2-bedroom units for seniors at or below 60 percent of area median income.

The following is a financial analysis of the project:

Construction Phase	Total	Per unit
<u>Uses</u>		
Total Development Costs	\$8,654,879	\$160,275
<u>Sources</u>		
Construction Loan	\$6,000,000	\$111,111
City of Arcadia	\$1,400,000	\$ 25,926
Commission HOME Loan	\$1,080,000	\$ 20,000
Deferred Developer Note	\$ 174,779	\$ 3,237
Tax Credit Equity	\$ 100	\$ 2
	<u>\$8,654,879</u>	<u>\$160,274</u>
Permanent Phase	Total	Per unit
<u>Uses</u>		
Total Development Costs	\$8,654,879	\$160,274
<u>Sources</u>		
First Mortgage	\$2,500,000	\$ 46,296
Tax Credit Equity	\$2,327,201	\$ 43,096
City of Arcadia	\$1,800,000	\$ 33,333
Commission HOME Loan	\$1,350,000	\$ 25,000
Affordable Housing Program Loan (federal)	\$ 450,000	\$ 8,333
Deferred Developer Note	<u>\$ 227,678</u>	<u>\$ 4,216</u>
	<u>\$8,654,879</u>	<u>\$160,274</u>

Notice of Determination

Appendix H

To: _____ Office of Planning & Research
1400 Tenth St., Room 121
Sacramento, CA 95814

FILED

City of Arcadia
240 W. Huntington Dr.
Arcadia, CA 91007

X _____ County Clerk of the County of Los Angeles
Corp. Div., Room 1101, Env. Desk
12400 E. Imperial Highway
Norwalk, CA 90650

JAN 24 2003

CONNIE B. MCCORMACK, COUNTY CLERK

DMCKAY DEPUTY

Subject: Filing of Notice of Determination in compliance with Section 21152 of the Public Resources Code.

C.U.P. 2002-014 - Heritage Park Senior Apartment Complex

Project Title

N/A

Donna Butler

State Clearinghouse Number
(if submitted by Clearinghouse)

Lead Agency
Contact Person

(626) 574-5442

Area Code/Telephone/Extension

148-158 W. Las Tunas Drive

Project Location (include county)

Project Description:

Conditional use permit to construct a 3-story, 54 unit senior apartment complex with a minimum of 20% (11 units) to be affordable senior units.

This is to advise that the Planning Commission has approved the above described project on
January 14, 2003 and has made the following determinations regarding the above described project.
(Date)

1. The project (☐ will ☒ will not) have a significant effect on the environment.
2. ☐ An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
☒ A Negative Declaration was prepared for this project pursuant to the provision of CEQA.
3. Mitigation measures (☐ were ☐ were not) made a condition of the approval of the project.
4. A statement of Overriding Considerations (☐ was ☐ was not) adopted for this project.
5. Findings (☒ were ☐ were not) made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval is available to the General Public at: N/A

Donna Butler
Signature (Public Agency)

January 16, 2003
Date

Community Development Administrator
Title

Date received for filing of OPR:

THIS NOTICE WAS POSTED

ON JAN 24 2003

UNTIL FEB 24 2003

REGISTRAR-RECORDS/COUNTY CLERK

02-0004058

FEB 28 2003

Revised October 1989
Arcadia 9/95

HOME PROGRAM LOAN AGREEMENT

by and between the

**COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

a public body corporate and politic

and

ARCADIA HERITAGE PARK, L.P.,

a California limited partnership

for the Loan in the principal amount of

\$1,350,000

September __, 2003

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The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Loan Agreement shall control.

THIS LOAN AGREEMENT ("Agreement") is made as of the __th day of September, 2003, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic ("Commission"), and ARCADIA HERITAGE PARK, L.P., a California Limited Partnership, ("Borrower"). The Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

A. WHEREAS, Borrower desires to borrow the principal amount of up to ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000) ("HOME Loan") from the Commission for the purpose of providing construction and permanent financing for eleven (11) HOME assisted units ("the HOME Units") in the housing development to be located at 150 W. Las Tunas Drive, Arcadia, CA 91007 ("Project") described in the Transaction Summary above, and as more particularly described in this Agreement. The HOME Loan will be secured by the HOME Deed of Trust ("HOME Deed of Trust"). The Project includes eleven (11) HOME assisted units. The Commission's source of funding for the HOME Loan is provided from the HOME Investment Partnerships (HOME) Program, 24 CFR Part 92. The Project will be developed on a site ("Site") legally described on Exhibit "B" to this Agreement. A detailed Project description is attached hereto as Exhibit "L", and reduced site plans and elevations for the Project are attached as Exhibit "Q".

B. WHEREAS, other sources of financing for the Project are anticipated to include, but may not be limited to (i) senior lien financing listed in the Transaction Summary above ("Senior Financing"), to which the Commission shall expressly subordinate the lien of the Commission's HOME Deed of Trust; (ii) financing junior in priority to the lien of the Commission's HOME Deed of Trust and Covenants, Conditions and Restrictions (CC&R's) as listed in the Transaction Summary above ("Junior Financing"); and (iii) other financing sources listed in the Transaction Summary above ("Other Financing").

C. WHEREAS, acquisition of the Site, and development of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for persons of low- and/or very low-income as described in the Transaction Summary above.

D. WHEREAS, Borrower agrees to apply for other sources of funding, including but not limited to Federal Low-income Housing Tax Credits.

E. WHEREAS, as more particularly provided below, Borrower will deliver to the Commission, among other items, the "HOME Deed of Trust", "HOME Promissory Note" and the "Covenants, Conditions and Restrictions" (as those terms are defined below) to, respectively, secure repayment of the HOME Loan by Borrower as provided herein and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

F. WHEREAS, the Commission desires to make the Loan to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

A G R E E M E N T

1.0 HOME LOAN

The Commission agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the HOME Loan to be used solely for the purposes described herein.

2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT.

2.1 HOME Note

As one of the conditions to disbursement of the HOME Loan to Borrower under Section 7 below, Borrower shall execute a HOME Promissory Note ("HOME Note") in the form of Exhibit "C" attached hereto, which HOME Note sets forth terms and conditions for the repayment of the HOME Loan. The HOME Note shall be secured by the HOME Deed of Trust in the form of Exhibit "D", as provided below.

2.2 Basic Interest

Except for the default interest provisions in the HOME Note, the disbursed and unpaid principal balance of the HOME Loan shall bear interest commencing on the date on which such HOME Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of ten percent (10%) per annum ("Default Rate").

2.3 Payment Dates and Amounts

The Borrower shall submit in good faith an application to the California Tax Credit Allocation Committee ("TCAC"), or state agency that shall administer the Low Income Housing Tax Credit Program ("Tax Credits"), for an allocation of Federal and/or State Tax Credits. The Commission and Borrower acknowledge that if an allocation of Tax Credits is granted to the Borrower, the Tax Credits shall be syndicated to the limited partnership investors to raise equity proceeds for the Project in an amount estimated to be in the minimum amount of TWO MILLION THREE HUNDRED TWENTY SEVEN THOUSAND TWO HUNDRED ONE DOLLARS (\$2,327,201) ("Equity Proceeds").

In the event that Tax Credits obtained for the Project exceed the specified amount, upon receipt of the equity payments from the syndication of the Tax Credits, the Borrower shall apply the proceeds of the equity payments from the syndication of Tax Credits in the following order of priority: 1) to pay for the project's construction costs as described in Exhibit M, and 2) to the Commission as repayment on the outstanding balance of the HOME Loan, including accrued interest, as described in Exhibit M.

If any proceeds received from the syndication of the Tax Credits exceed the estimated minimum amount of \$2,327,201; or the proceeds received from the tax-exempt

permanent loan of \$2,500,000 exceed the uses in the Proforma attached as Exhibit M, the excess amount shall be applied to pay down any outstanding balance, including accrued interest, on the HOME Loan.

The Borrower will also use any excess HOME loan proceeds that result from lower construction costs than originally stated in the Proforma, attached as Exhibit M for the subject development, to pay down the HOME Loan, to be determined at the discretion of the Community Development Commission of the County of Los Angeles (the "Lender") at the time of the paydown. The prorata share of excess proceeds that Borrower shall repay Lender is 50%.

Except as otherwise provided in this Agreement and the HOME Note, Borrower shall repay the HOME Loan with accrued interest in arrears in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2005. Absent prepayment or acceleration, each of the annual payments due March 15, 2005 through and including March 15, 2035 ("HOME Maturity Date") shall be made out of Residual Receipts (as defined in the HOME Note) from the immediately preceding calendar year. The amount of each such annual payment to the Commission, when combined with the annual payment to the City of Arcadia ("City") shall equal fifty percent (50%) of all Residual Receipts for such year. The fifty percent (50%) amount shall be split on a prorata percentage between the Commission and the City. Residual Receipts shall be calculated and reported by Borrower (as defined in the HOME Note) to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. The report shall include, without limitation, a description of all applications made to federal, state and local agencies, private organizations and all other funding sources for grants, subsidies and other assistance. Pertinent supporting documentation, such as grant applications, expense reports and internal memoranda shall be attached to the annual report. Notwithstanding any other provision of the HOME Note or of this Agreement, unless due sooner, the entire outstanding principal balance of the HOME Loan together with any outstanding interest and any other sums payable under this Agreement and/or the HOME Note shall be due and payable in full on the HOME Maturity Date; and certain reserved amounts described in Section 1.4.3 of the HOME Note (and any interest thereon) shall be applied to the repayment of the HOME Loan, as set forth in Section 1.2 of the HOME Note.

Notwithstanding anything to the contrary in this Section 2.3, obligations of Borrower accruing or to be performed in any calendar year may be deemed to accrue or be performed in the Borrower's fiscal year, subject to the approval of the Commission's Executive Director, which approval may be withheld in the Executive Director's sole and absolute discretion.

2.4 Payments Due on Transfer or Refinance

In addition to the payments provided in Section 2.3 above, and subject to the terms of the Senior Financing, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the HOME Loan, the "Applicable Percentage" of "Net Proceeds" of an "Assignment"; and fifty percent (50%) of "Net Refinancing Proceeds" received from a "Refinancing", as such terms are defined in the HOME Note.

2.5 Definition of Residual Receipts{tc \12 "1.5 Definition of Residual Receipts}.

"Residual Receipts" shall mean, with respect to each calendar year, the amount by which "Gross Rents," as defined herein, for such calendar year exceed the "Operating Expenses", as defined herein, for that calendar year.

With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds'; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

"Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair

of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed six percent (6%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed \$10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than \$250.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties; (vi) payment of the Deferred Developer Fee; and (vii) to the extent not otherwise included in Operating Expenses, amounts paid from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense.

Notwithstanding any provision stated above, the term "Operating Expenses" shall not include any of the following:

(i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Los Angeles-Orange County area for the same work or services;

(ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses;

(iii) optional or elective payments with respect to the Senior Financing;

(iv) any payments with respect to Junior Financing, Other Financing, or any other Project-related loan or financing other than the Senior Financing; or

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

3.0 OTHER FINANCING

At the time of execution of this Agreement, the Other Financing is anticipated to be: (1) a permanent loan based on tax exempt mortgage revenue bonds from The California Statewide Communities Development Authority ("CSCDA") in the amount of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000), (2) a residual receipts loan from the City of Arcadia in the amount of up to ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000), (3) a proposed loan from the Federal Home Loan Bank for the Affordable Housing Program (AHP) in the amount of FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000) (4) Tax Credit Equity Proceeds from SunAmerica in the minimum amount of TWO MILLION THREE HUNDRED TWENTY SEVEN THOUSAND TWO HUNDRED AND ONE DOLLARS (\$2,327,201) and (5) Deferred Developer Note in the amount of TWO HUNDRED TWENTY SEVEN THOUSAND SIX HUNDRED SEVENTY EIGHT DOLLARS (\$227,678).

The Borrower will use any excess HOME loan proceeds that result from lower construction costs than originally stated in the Proforma (attached as Exhibit M) or greater proceeds than estimated above in the first paragraph of "Other Financing," for the subject development to pay down the HOME Loan, to be determined at the discretion of the Community Development Commission of the County of Los Angeles (the "Lender") at the time of the paydown.

The Borrower must obtain the approval of the Commission, which approval shall not be unreasonably withheld or delayed, with respect to all financing. The Commission shall have thirty (30) business days to approve or disapprove the financial Submissions for other financing approval. The Borrower shall have thirty (30) business days from receipt of any notice from the Commission disapproving any Submission, as defined above, ("Disapproval Notice") within which to notify the Commission that the Borrower will revise the Submission as requested or to object to the Commission disapproval. If the Borrower does not notify the Commission in writing within such thirty (30) day period that it specifically objects to the Commission disapproval, the Borrower shall be deemed to have agreed to revise the Submission as requested by the Commission. If the Borrower objects to the Commission disapproval and if the Borrower so notified the Commission within said thirty (30) day period of its specific objection, then the Commission and the Borrower agree that they will meet to discuss their differences within ten (10) days after the Borrower gives such notice. Unless excused, failure of the Borrower to meet with the Commission within said ten (10) day period shall constitute a waiver by the Borrower of any objections. Following said meeting, or following the Borrower's deemed approval or waiver of any objections, the Borrower shall revise the objected-to Submission and resubmit it to the Commission as soon as possible, but in no event later than thirty (30) days after receipt of the Disapproval Notice. Any such resubmission shall be approved or disapproved and revised within the times set forth herein with respect to the initial Submissions.

Notwithstanding the above time periods, if the Commission deems it appropriate or necessary to hold a public meeting of the Commission, or any agency or commission thereof, before the action specified is to be taken, the period for such action by the Commission shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting (s). Such extended period shall be at the option of the Commission only; provided that, if the Commission elects to receive the above extension, the time for Borrower's performance of its obligations under this paragraph shall be extended by a period of time equal to the actual extension obtained by the Commission.

4.0 ACCELERATION

Notwithstanding the payment terms set forth in Section 2 above, upon the occurrence of any "Event of Default" as set forth in Section 17 below, the entire outstanding principal balance of the HOME Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of the Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

5.0 PREPAYMENT; APPLICATION OF PAYMENTS

At any time after the disbursement of the HOME Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the HOME Loan and accrued interest and any other sums outstanding without penalty. Borrower hereby agrees and understands that the prepayment of the HOME Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 10.7, 11 and 12 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 4 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding HOME Loan principal or interest thereon) due under the HOME Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" of ten percent (10%) per annum (simple interest), if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward, principal balance under the HOME Note.

6.0 SECURITY AND SOURCE OF PAYMENT

Borrower's obligation to repay the Loan and any associated interest and other amounts payable under this Agreement or the HOME Promissory Note shall, at all times during which any amount remains outstanding, be secured by the Deed of Trust (also known as "HOME Deed of Trust"), in the forms of Exhibit "D", attached hereto, recorded against Borrower's interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission.

Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Agreement or the HOME Loan, the HOME Loan is a nonrecourse obligation of Borrower and in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan such that neither Borrower nor any partner of Borrower shall have personal liability for repayment of the Loan.

7.0 ESCROW; CONDITIONS TO FUNDING THE HOME LOAN

7.1 Unless otherwise specified by the Commission, disbursement of the HOME Loan proceeds in accordance with this Agreement, delivery of the executed HOME Note to the Commission, and recordation of the HOME Deed of Trust, , CC&R's and other Loan Documents to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for

this transaction by the Commission. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

7.2 The obligation of the Commission to make disbursements of the HOME Loan proceeds under this Agreement in connection with construction and permanent financing of the Project shall be expressly subject to satisfaction of the following conditions (collectively, the "Closing Conditions") on or before the date ("Closing Deadline") which is Ninety (90) days following the date of this Agreement.

(a) The execution of this Agreement by the Commission and Borrower, and delivery of a fully-executed copy to Escrow Holder;

(b) Borrower's due execution and deposit into Escrow of a copy of the HOME Note;

(c) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the covenants, conditions and restrictions ("CC&R's") in the form attached hereto as Exhibit "J";

(d) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the HOME Deed of Trust;

(e) Receipt by the Commission from Borrower of such other documents, certifications and authorizations as are reasonably required by the Commission, in form and substance satisfactory to the Commission, evidencing that (i) this Agreement, the HOME Note, the HOME Deed of Trust, the CC&R's and all other documents given or executed in connection herewith (collectively, the "Loan Documents") are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Borrower pursuant to the respective terms of each of such documents, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting the enforcement of creditors' rights generally or by equitable principles or by the exercise of discretion by any court or by law of the State of California governing obligations secured by a deed of trust, and (ii) the execution and delivery of this Agreement, the HOME Note, the HOME Deed of Trust, the CC&R's and all other documents executed or given hereunder, and the performances thereunder by Borrower, will not breach or violate any law applicable or governmental regulation to which Borrower is subject nor constitute a breach of or default under any instrument or agreement to which Borrower may be a party;

(f) Borrower shall have assured that upon recordations of the HOME Deed of Trust, respectively, there will be provided to the Commission, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as the Commission shall reasonably require) issued by Fidelity Title Insurance Company, or another title insurer approved by the Commission ("Title Company") each in the amount of the Loan, insuring the Commission's interest as beneficiary under the Deed of Trust encumbering the Property, and specifically insuring that liens of the Deed of Trust against the Property is subject only to the Senior Financing and any exceptions to title applicable to the Property which were shown in a preliminary title report provided to the Commission by Title Company and approved in writing by

the Commission (collectively with the Senior Financing, "Permitted Senior Encumbrances"). Standard lender's title insurance coverage (without the need for a survey) will be accepted by the Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to the Commission;

(g) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Financing, Other Financing, or Junior Financing, and Borrower has demonstrated to the satisfaction of the Commission Executive Director (or his designee) that all financing sources for development and on-going operation of the Project, including but not limited to Borrower's equity, are or will be available in sufficient amounts to provide for full and timely completion and on-going operation of the Project development;

All of the preceding Closing Conditions shall be satisfied before the Commission disburses the HOME Loan funds in an amount not to exceed an amount for eligible acquisition and predevelopment costs approved by the Commission. The following additional Closing conditions shall be satisfied by Borrower before the Commission disburses the balance of the HOME Loan for construction and development:

(h) No stop notice or mechanics' lien shall have been filed against the Property unless discharged as provided by law;

(i) Borrower shall have provided to the Commission, in form satisfactory to the Commission, certified copies of (i) Borrower's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, general partner, or president that such agreement or articles and bylaws have not been amended or modified except as described in the certification (ii) a good standing certificate from the California Secretary of State, certifying that Borrower is duly qualified and in good standing, and (iii) all other documents necessary to evidence to the Commission's satisfaction that the individuals and entities executing this Agreement and the Loan Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Borrower, to the terms hereof and thereof;

(j) Not as a Closing Condition, but prior to the commencement of tenant selection for the Project, Borrower shall have obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the assisted units in the Project shall be selected in the event that, at any given time, the number of individuals applying to lease units at the Project who meet the applicable income requirements set forth in Section 11 below, exceeds the number of units available for lease by such tenants.

(k) Borrower has provided affirmative action and minority and women business enterprise plans in form satisfactory to the Commission;

(l) Borrower has delivered a Management Plan, attached hereto as Exhibit "S", acceptable to the Commission for the on-going management and operation of the Project before 100% occupancy. The Management Plan shall include a detailed preliminary Operating Budget approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision at the time the Certificate of Occupancy is issued by the governing jurisdiction, any such revision must be approved by the Commission at its sole discretion;

(m) Borrower shall have furnished the Commission with evidence satisfactory to the Commission evidencing the coverages required by Section 10.8 below;

(n) Borrower shall have furnished the Commission and obtained the Commission's approval of all soils and geologic reports existing with respect to the Site. Borrower hereby acknowledges that the Commission's review and approval of such reports and of any other contract, document or other matter under this Agreement is solely for the benefit of the Commission, and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter;

(o) Borrower shall have commenced or be ready to commence Project construction, and shall have furnished Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is an amount not less than fifty (50%) of the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, has been recorded in the Official Records of Los Angeles, and names Commission as an additional obligee; and (C) a performance bond guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee. Not as a Closing Condition, but as a covenant of Borrower, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and be fully completed, free of mechanics liens, and with a certificate of occupancy and/or building final from the applicable jurisdiction issued no later the 24 months following the Close of Escrow.

(p) (intentionally omitted);

(q) Borrower shall have certified and demonstrated to the Commission that it has completed all discretionary processes and obtained all discretionary approvals from the jurisdiction where the Property is located and from any other governmental entity with permitting authority over the Project, necessary for development of the Project in accordance with the plans and specifications ("Plans") referenced in the Construction Contract; and

7.3 When, and only when, Escrow Holder has confirmed that Closing Conditions (a), (b), (c), (d), (e), and (g) of Section 7.2 above have been satisfied, and has received written certification from the Commission's Executive Director that all other Closing Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of Escrow ("Close of Escrow") by:

(i) causing the HOME Deed of Trust, the CC&R's and the executed Subordination Agreements (if any) to be recorded in the Official Records of Los Angeles County, California;

(ii) causing the Title Policy to be issued to the Commission in the form and amount specified above; and

(iii) disbursing the HOME Loan proceeds applicable to any approved construction expenses pursuant to Section 7.2, to payee to the extent provided for pursuant to the supplemental instructions executed by both Borrower and the Commission. The balance of the

HOME Loan, including proceeds applicable to construction, shall be disbursed only upon satisfaction of all conditions (a) through (q) of Section 7.2.

(iv) Subsequent to Close of Escrow, the disbursement agent shall disburse to Borrower HOME Loan proceeds for payment of invoices or reimbursement of approved construction expenses as described in the Development Proforma (Exhibit "M"), but not to exceed the amount of the HOME Loan.

7.4 If the Close of Escrow does not occur prior to the Closing Deadline, unless extended at the sole discretion of the Commission, then the Escrow shall terminate, and Escrow Holder shall promptly return all funds and documents to the Party depositing them.

8.0 PURPOSE OF HOME LOAN

8.1 The HOME Loan proceeds shall be used by Borrower only to pay eligible construction costs and permanent financing for the Eleven (11) HOME Assisted Units in the Project, as represented in the approved HOME Fund application and as further described in Exhibit "M". In no event shall Borrower use or otherwise invest the proceeds of the Loan, except as expressly provided in this Agreement.

8.2 To the extent otherwise permitted under this Agreement, Borrower (or an affiliate of Borrower previously approved by the Commission) may receive from the HOME Loan proceeds, or other development funds available to Borrower, including equity, a Developer Fee ("Developer Fee") not to exceed EIGHT HUNDRED EIGHTY TWO THOUSAND FOUR HUNDRED NINETY SIX DOLLARS (\$882,496) in connection with development of the Project; provided, however, that the Capitalized Developer Fee shall not exceed the amount of SIX HUNDRED SIXTY THOUSAND DOLLARS (\$660,000) payable during the course of construction from construction loan proceeds.

In addition, if the equity proceeds, if any, received from the syndication of the Tax Credits, exceed the amount of TWO MILLION THREE HUNDRED TWENTY SEVEN THOUSAND TWO HUNDRED ONE DOLLARS (\$2,327,201) the excess amount shall be applied as follows, in the following order of priority: 1) to pay for the project's construction costs as described in Exhibit M, and 2) to the Commission as repayment on the outstanding balance of the HOME Loan, including accrued interest, as described on Exhibit M.

8.3 The HOME loan shall be considered Permanent Financing at such time as the Project is completed. The Project shall be "completed," which shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with the plans and specifications (collectively, "Plans") referenced in the construction contract ("Construction Contract") which Borrower has entered into with a general contractor ("General Contractor") with respect to the Project, and that all final permits and certificates necessary to the operation of the Project as contemplated herein, and releases, waivers and other instruments evidencing no claims, stop notices or mechanics liens existing with respect to the Project, have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval:

(a) A signed certificate from the General Contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the Construction Contract, the

Plans and this Agreement, and that all other related on-site and off-site improvements have been completed;

(b) A certificate of occupancy (the "Certificate of Occupancy") and/or any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies;

(c) Unconditional Waivers and Releases Upon Final Payment, in statutory form, showing no amounts in dispute, have been received from the General Contractor, all subcontractors, and all other persons or entities providing services or furnishing materials in connection with the Project.

8.4 Borrower shall have furnished Commission and obtained Commission's approval of the compliance with the environmental mitigation measures specified in the "Environmental Special Conditions" referenced in Section 10.1 below. Borrower hereby acknowledges that Commission's review and approval of such compliance with environmental mitigation measures under this Agreement is solely for the benefit of the Commission, and should not be relied upon as any measure or warranty of the correctness, adequacy or appropriateness of such matter.

9.0 INTENTIONALLY OMITTED

10.0 COVENANTS OF BORROWER.

As additional consideration for the making of the Loan by the Commission, Borrower covenants as follows:

10.1 Compliance with Laws

Borrower shall comply with all applicable Governmental Restrictions. As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; applicable federal, state and local fair housing laws; and public bid and prevailing wage requirements. Borrower shall comply with the environmental mitigation measures specified in the "Environmental Special Conditions", attached hereto as Exhibit K. Borrower shall be solely responsible for ensuring that the contractor complies with any and all prevailing wage requirements which may apply, regardless of whether they may be obligations of the contractor or of the party awarding the contract. Prevailing wage laws include, among others, California Labor Code Section 1720 et seq., and the federal Davis-Bacon Act (40 U.S.C. 276a). If applicable, these requirements may include, among others, the requirement that prevailing wages be paid, that prevailing wage schedules be posted at the jobsite, and that detailed wage records be maintained. The Commission has available on file prevailing wage schedules promulgated by the California State Department of Industrial Relations. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to the payment or non-payment of prevailing wages in connection with the Project. Commission Requirements are attached as Exhibit "P."

10.2 Revenue Disclosures

Borrower shall make available for inspection and audit to the Commission's representatives, upon seventy-two (72) hours written request, at any reasonable time during the 30-year term ("Term") of this Agreement, at Borrower's offices, or, if requested by the Commission, at another location within Los Angeles County, all of the books and records relating to the construction and operation of the Project and this Agreement. All such books and records shall be maintained by Borrower for the entire term. In the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

10.3 Other Reports

Upon seventy-two (72) hours written notice, at any time during the Term, Borrower shall prepare and submit to the Commission, all additional reports and any financial, program progress, monitoring, evaluation or other reports including but not limited to documents relating to construction, reasonably required by the Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to the Commission within such 72-hour period, then within a reasonable time thereafter. Borrower shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of the Commission representatives, may be relevant to a question of compliance with this Agreement, the CC&Rs, or the HOME Deed of Trust. Borrower shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

10.4 Indemnification

In addition to the provisions of Section 10.8 below, from and after the date hereof, Borrower agrees to and does hereby indemnify, defend and save harmless the Commission and its members, directors, agents, officers and employees from and against any and all liability, demands, cause of action, expense, including reasonable defense costs and legal fees of counsel acceptable to the Commission, and claims (collectively, "Claims") for damages of any nature whatsoever, which Claims arise directly or indirectly from or in connection with the Site or the Project, including, but not limited to Claims respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Borrower's ownership of the Site or the Project, (ii) result directly or indirectly from Borrower's ownership of the Site or the Project, or (iii) result directly or indirectly from the Commission's entering into this Agreement and/or making the Loan to Borrower; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of the Commission. This covenant shall remain in force and effect following the expiration of the term of the Loan.

10.5 Audit by State and Federal Agencies

In the event this Agreement or the HOME Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Borrower shall comply with such inspections and pay, on behalf of itself and the Commission, the full amount of the liability to the inspecting agency resulting from such inspections, if any, unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of the Commission.

10.6 Program Evaluation and Review

Borrower shall allow the Commission's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Borrower's staff, tenants, and other program participants, as reasonably required by the Commission during the Term.

10.7 Hazardous Materials

Borrower represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project site so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by the Commission, Borrower shall indemnify, defend and hold the Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by the Commission, Borrower hereby releases and forever discharges the Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments

and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

If human remains are unearthed, State Health and Safety Code Section 7050.5 requires no further disturbance shall occur until the County Coroner has made the necessary findings as to the origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

10.8 Insurance

Without limiting Borrower's indemnification of the Commission provided above, Borrower shall procure and maintain at its own expense during the Term of the Loan the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to the Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Borrower shall deliver satisfactory evidence of issuance of "all risk" property insurance described in (B) below and worker's compensation insurance described in (C) below at such time that such exposures are at risk, but in no event later than commencement of construction. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Commission and may provide for such deductibles as may be acceptable to the Commission. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will protect the Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that the Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance. Borrower shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance.

(A) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. The Commission and their agents,

officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Borrower shall require Borrower's contractors to include the Commission and the Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by the Commission from time to time, Borrower shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of the Commission.

(B) Property Insurance: "All Risk" ISO Special Form property insurance. Coverage shall include protection for flood, only if Project Site is identified as situated in a flood plain, if this protection is available from responsible carriers at reasonable cost. The Commission shall be the loss payee under the aforementioned policy(ies) under a standard lender's loss payable endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property and the insurer shall waive any coinsurance via an "agreement" endorsement.

(C) Worker's Compensation: Borrower's employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(D) Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of the Commission.

All subsequent verifications or renewals of the coverage requirements stated above must be sent to the Commission with the following identifying information enclosed in order for these requirements to be deemed satisfied:

PROJECT:
ADDRESS:
PROJECT NO.

Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which the Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of the Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Commission shall be repaid by the Borrower to the Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or Carrier.

10.9 Financial Statements; Tax Returns

Borrower shall deliver to the Commission within one hundred twenty (120) days after the end of each fiscal year of Borrower occurring during the term of the HOME Loan, a copy of its federal

tax return and a financial statement for such preceding calendar year. In addition, concurrent with Borrower's payment of the annual Residual Receipts installment payable to the Commission on each March 15th in accordance with Section 2.3 above, Borrower shall deliver to the Commission, on forms prepared and provided by the Commission from time to time, a statement certified by Borrower's accountant (the "Annual Statement"), separately setting forth (i) the aggregate Gross Rents (as defined in the HOME Note) received during the previous calendar year, and (ii) the aggregate Operating Expenses (as defined in the HOME Note) expended during the previous calendar year.

10.10 Other Loan

Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Financing, the Junior Financing and the Other Financing. Borrower shall provide to the Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the HOME Loan.

10.11 Construction Requirements{tc \12 "9.11 Construction Requirements}

Following the Close of Escrow, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and achieve "Completion of the Project" no later than 6 months following the Close of Escrow, subject to extension for up to an additional 12 months to the extent of force majeure delays beyond Borrower's reasonable control. "Completion of the Project" shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved funding application to the Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to the Commission's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to the Commission, certifying to the Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) evidence satisfactory to the Commission that the statutory period for the filing of mechanics' liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit "N", Construction Requirements. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by the Commission or any other applicable governmental authority in connection with the Project.

10.12 Relocation Requirements{tc \12 "9.12 Relocation Requirements}

If applicable, Borrower shall be responsible for assuring compliance with all relocation requirements as governed by federal relocation laws and regulations for projects funded in whole or in part with HOME, including the Federal Uniform Relocation Assistance and Real Property Policies Act (42 U.S.C. 4601 et seq., as amended), Federal Relocation Regulations (49 CFR Part 24), HUD Relocation Handbook 1378, and the Los Angeles County Community Development Commission's Relocation Policies and Procedures Manual. In circumstances where both federal and state funds are contributed to a program or Project, it is the policy of the

County to follow the requirements that provide the displaced person or household with the greatest benefit. For example, if in a mixed-funded project, the assistance or benefit under state law is more favorable to the displaced person or household, then the state law applies, and if the opposite is the case, then applicable federal laws and regulations (California Relocation Assistance Law, etc.) shall apply. Any relocation assistance shall be provided through and in the manner directed by the Commission, provided, however, that Borrower shall indemnify, defend and hold harmless the Commission and the County of Los Angeles ("County") for relocation payments, consulting fees and expenses incurred in connection with the Project. At the Commission's election and in its sole discretion, the Commission may hire a relocation consultant to coordinate the relocation. The fees and costs of the consultant shall be paid or reimbursed by Borrower.

10.13 Environmental Conditions ~~to~~ 9.13 Environmental Conditions

Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project.

11.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

11.1 Restriction to Low- and Very Low-Income Seniors. Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the 30-year Term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the number of dwelling units and, with the tenant income levels specified in the Transaction Summary above, in the CC&R's and below. All units, with the exception of the manager's unit, shall be rented only at an "Affordable Housing Cost" to Seniors of "Low-Income Households" and "Very Low-Income Households" as hereafter defined (persons within either group occasionally referred to as "Eligible Persons").

Quantity	Unit Type	Percent of AMI
13	1 Bedroom	50%
3 (HOME Assisted Units)	1 Bedroom	50%
29	1 Bedroom	60%
8 (HOME Assisted Units)	2 Bedroom	60%
53 Total Units		

Total does not include one 2 Bedroom unit for manager.

"Low-Income Households" shall mean persons and families whose gross annual household income do not exceed sixty percent (60%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development (HUD).

"Very Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Seniors" shall mean persons who are at least 55 years old.

"Affordable Housing Cost" shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

For an Eligible Person in a Low-Income Household, the lesser of the product of thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for family size appropriate to the unit, or the High HOME Rent established by HUD;

For an Eligible Person in a Very Low-Income Household, the lesser of the product of thirty percent (30%) times fifty percent (50%) of Area Median Income adjusted for family size appropriate to the unit, or the Low HOME Rent established by HUD;

"Area Median Income" (AMI) shall mean the median income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size, as periodically adjusted by HUD, or any successor entity designated under state law as responsible for establishing such "Area Median Income."

The covenants described in this Section 11.1 shall remain in effect through the later of the expiration of the Term of this Agreement or the Maturity Date of this loan, notwithstanding the repayment of the Loan by Borrower prior to the Maturity Date.

11.2 Tenant Selection Process; Reports and Records Concerning Tenancies Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the Commission to monitor compliance with the tenant requirements described in Section 11.1 above, including without limitation the requirement that Borrower deliver reports to the Commission commencing at the date of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the tenant and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the Commission to certify such tenant's qualification for occupancy of the Project. Borrower's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 11.1.

11.3 Management of Project Subject to the terms and conditions contained hereinbelow, Borrower shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain the Commission's written approval of a management contract ("Management Contract") entered into between Borrower and an entity ("Management Entity") acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be in effect for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and the Commission. Borrower shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or the Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 11.1.

11.4 Operations and Maintenance Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the CC&R's, and the Deed of Trust.

Borrower covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Borrower, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any applicable Governmental Restrictions or the restrictions contained in this Agreement or the Deed of Trust. Furthermore, Borrower and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

Borrower shall, at its expense, (i) maintain all improvements and landscaping on the Site in good working order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project (which must be approved by the Commission before being incorporated into the Construction Contract) (such approved plans, the "Plans") and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents while maximizing Residual Receipts to the extent reasonably possible consistent with applicable rent and tenant requirements (including all recorded rent restrictions affecting the Project) and without compromising the safety and attractiveness of the living environment of the Project.

12.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex or sexual orientation, medical condition, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

12.1 Form of Nondiscrimination and Nonsegregation Clauses.

Borrower shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein

conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

13.0 COMMISSION REQUIREMENTS

Borrower shall comply with the provisions of Exhibit "P" – Commission Requirements.

14.0 BORROWER'S CONSTRUCTION COVENANTS

Borrower shall commence and complete construction of the Project as follows:

14.1 Commencement and Completion.

As soon as possible after the initial disbursement of the Loan proceeds for the purpose of constructing of the Improvements, but in no event later than six (6) months after the recordation of the Deed of Trust, Borrower shall commence construction of the Project. Borrower shall thereafter diligently prosecute construction of the same and achieve "Completion of the Project," substantially in accordance with the Plans and this Agreement, no later than twenty-four (24) months after the recordation of the Deed of Trust (subject to force majeure delays). "Completion of the Project" shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to the Commission's review and approval:

(a) A signed certificate from the general contractor, in a form reasonably acceptable to the Commission, certifying to the Commission that construction was completed substantially in accordance with the requirements of the Plans and this Agreement, and all other related on-site and off-site improvements have been completed.

(b) A certificate of occupancy (the "Certificate of Occupancy") and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

(c) Certificates of insurance issued by Borrower's insurance agent evidencing compliance with all insurance requirements set forth in the Loan Documents.

(d) Either (A) Unconditional Waivers and Releases Upon Final Payment in statutory form, showing no amounts in dispute, from the Contractor, all subcontractors, and all other persons or entities providing services or furnishing material in connection with the Project and/or (B) to the extent the Unconditional Waivers and Releases Upon Final Payment are not received from any applicable party in accordance with subparagraph (A) hereinabove, (i) expiration of a sixty (60) day period after filing of a notice of completion for the Project without filing any lien by Contractor, and (ii) expiration of a thirty (30) day period after filing of a notice of completion for the Project without the filing of any lien by subcontractors or any other persons or entities providing services or furnishing materials in connection with the Project.

14.2 Construction. Borrower shall cause the construction of the Project to be done in a good and workmanlike manner substantially according to the Plans and this Agreement. In constructing the Project, Borrower shall comply in all material respects with all-applicable laws and regulations. If necessary, the Plans shall be modified to comply in all material respects with all-applicable laws and regulations.

The Commission shall have inspected the completed project and verified to its reasonable satisfaction that the completed project conforms to the internal and external architecture and design represented in Borrower's approved application to the Commission for the HOME Fund Program.

14.3 Barriers to the Disabled. The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

15.0 INDEPENDENT CONTRACTOR

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint ventures, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for furnishing or causing its general contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

16.0 ASSIGNMENT OF THIS AGREEMENT

This Agreement shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission or the Commission's Executive Director, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement and the HOME Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the

Commission at its sole discretion including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee, and the assignee's ability to perform all of the Borrower's obligations under this Agreement, the HOME Note, and all other Loan Documents.

Any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Borrower's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of the Commission, the Commission may, at its option, by written notice to Borrower, declare Borrower in default under this Agreement.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state or federal low income housing tax credits, the Commission hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interest in Borrower to an equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners and (iii) removal of any general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as may be amended from time to time, provided that any replacement general partner is approved by Commission, which approval shall not be unreasonably withheld.

17.0 EVENTS OF DEFAULT AND REMEDIES.

17.1 Borrower Events of Default 15.1. Borrower Events of Default}.

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(a) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the HOME Note or the HOME Deed of Trust, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, there shall not be a cure period for failure by Borrower to timely repay the HOME Loan at the Maturity Date of the HOME Note;

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the HOME Note or the HOME Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary,

the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 17.1(c) through 17.1(g) below;

(c) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Agreement, the HOME Note, or the HOME Deed of Trust;

(d) Borrower, or any constituent member or partner, or majority shareholder of Borrower, shall: (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property; (b) fail to pay or admit in writing its inability to pay its debts generally as they become due; (c) make a general assignment for the benefit of creditors; (d) be adjudicated a bankrupt or insolvent; or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America, or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof, or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner, or majority shareholder, of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower, or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Following completion of the rehabilitation of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(g) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 16.0 above or Section 32.0 below; or

(h) Borrower shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

17.2 Commission Remedies{tc \12 "15.2. Commission Remedies}.

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Borrower declare the entire then unpaid principal balance of the HOME Loan immediately due and payable, and the same shall become due and

payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the HOME Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(b) Subject to the nonrecourse provisions of Section 6 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the HOME Note, to exercise its rights under the HOME Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any other document executed in connection herewith;

(c) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money, whether under this Agreement or the HOME Note, Commission may, but shall not be obligated to, make such payment. If such payment is made by Commission, Borrower shall deposit with Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by Commission shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the HOME Note;

(d) Subject to the nonrecourse provisions of Section 6 above, upon the occurrence of an Event of Default described in Section 17.1(d) or 17.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the HOME Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

17.3 No Remedy Exclusive{tc \2 "15.3. No Remedy Exclusive}.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

17.4 Commission Default and Borrower Remedies{tc \2 "15.4. Commission Default and Borrower Remedies}.

Upon fault or failure of Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from

Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; and
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from Commission arising out of or in connection with this Agreement, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

18.0 CONSTRUCTION REQUIREMENTS.

Borrower shall comply with the additional construction requirements set forth on Exhibit "N" attached hereto.

19.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the Loan Documents as a consequence of any breach by the other party of its obligations thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this Agreement, the Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

20.0 RIGHT OF ACCESS AND INSPECTION.

The Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If the Commission in its reasonable discretion determines that any work or materials are not in conformity with this Agreement, or any applicable Governmental Restrictions, the Commission may at its election, after notice to

and consultation with the Borrower and affording the Borrower thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Borrower fails to cure the matter, stop the work and order replacement or correction of any such work or materials regardless of whether or not such work or materials have theretofore been used in the construction of any portion of the Project. Inspection by the Commission of the Project or the Site or any construction thereof is for the sole purpose of protecting the Commission and is not to be construed as an acknowledgment, acceptance or representation by the Commission or the County of Los Angeles that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

21.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of the Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Agreement by the Commission.

22.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

23.0 EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

24.0 NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower: Arcadia Heritage Park, L.P.
1740 E. Garry Avenue, Suite 105
Santa Ana, CA 92705
Attn: Roger Davila, Vice President
Fax No. (949) 224-1805

With a copy to: Sun America Affordable Housing Partners, Inc.
1 SunAmerica Center
Century City, 37th Floor
Los Angeles, CA 90067-6022
Attention: Michael L. Fowler
Fax No. (310) 772-6794

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

25.0 SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

26.0 INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the Note shall be interpreted to require in each instance the lesser of (i) the amount stated in the Note; and (ii) the maximum applicable legal limit. Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit "A," the body of this Agreement shall prevail and supersede.

27.0 NO WAIVER; CONSENTS.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to

waive the requirement for the Commission's consent to be obtained in any future or other instance.

28.0 APPLICABLE POLICIES.

A. Governing Law{tc \13 "A. Governing Law}

This Agreement shall be governed by the laws of the State of California.

B. Compliance with Laws{tc \13 "B. Compliance with Laws}

Borrower agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the 24 Code of Federal Regulations (CFR) Part 85

C. HOME Program and Federal Requirements

{tc \12 "13.1 HOME Program and Federal Requirements}In addition to any other obligations of the Borrower to this Agreement, the Borrower agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit "O".

29.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to the Commission that:

29.1 Organization and Standing.

Borrower is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Note, the Deed of Trust, the CC&R's, and all other documents executed in connection herewith.

29.2 Enforceability.

This Agreement, the Note, the Deed of Trust, the CC&R's, and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

29.3 Authorization and Consents.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Borrower, and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

29.4 Due and Valid Execution.

This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

29.5 Licenses.

Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

29.6 Litigation and Compliance.

To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

29.7 Default.

To Borrower's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 17.

29.8 No Violations.

The execution and delivery of this Agreement, the Note, and all other documents executed or given hereunder, and the performances thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor, to Borrower's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

29.9 No Affiliation With Lenders.

Borrower is not under common ownership with any lender extending any loan to the project.

30.0 APPROVALS.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion", the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

31.0 GOOD FAITH AND FAIR DEALING.

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

32.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

32.1 Except as provided for in Section 16.0, without the prior written approval of the Commission or the Commission's Executive Director, which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project (excluding tenant leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, the Commission hereby consents to the events described in the last paragraph of Section 16.0 hereof without Borrower obtaining any further consent from the Commission. Borrower hereby agrees that any purported Transfer not approved by the Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

32.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify the Commission in writing (the "Transfer Notice") and shall submit to the Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to the Commission sufficient to establish and insure that all requirements of this Section 32 have been and will be met. No Transfer Documents shall be approved by the Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that the Commission consent to the proposed Transfer. The Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Commission receives the last of the items required by this Section 32. In the event the Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to the Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the Loan Documents.

32.3 Notwithstanding anything in this Agreement, Borrower agrees that it shall not be permitted to make any Transfer, whether or not the Commission consent is required therefor and even if the Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to The Commission or at any time thereafter until such Transfer is to be effective, except as provided for in Section 16.0 hereof.

32.4 The provisions of this Section 32 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

33.0 ACCESS AND RETENTION OF RECORDS {tc \1 "30.0 ACCESS AND RETENTION OF RECORDS }.

Borrower shall provide access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books,

documents, papers and records of the Borrower which are directly pertinent to this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 10.2 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

Commission:

COMMUNITY DEVELOPMENT
COMMISSION
OF THE COUNTY OF LOS ANGELES

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:
LLOYD W. PELLMAN, COUNTY COUNSEL

By: _____
Deputy

Borrower:

By: ARCADIA HERITAGE PARK, L.P.,
a California limited partnership

By: ASL ARCADIA, INC., a California
company, its Development General Partner

By: _____
Roger Davila, Vice President

By: HERITAGE COMMUNITY
HOUSING INC., a California non-profit
corporation, its Managing General Partner

By: _____
John Bigley, Executive Vice President

By: American Senior Living, Inc., a
California corporation, its Developer

By: _____
Roger Davila, Vice President

EXHIBIT "A" TO LOAN AGREEMENT

DIRECTORY OF DEFINED TERMS

Each of the following terms is defined in the section of the Loan Agreement referenced in parentheses.

Affordable Housing Cost (Section 11.1)	Permanent Loan (Recital F)
Agreement (preamble)	Permitted Senior Encumbrances (Section 7.2(f))
Annual Statement (Section 10.9)	Plans (7.2(q))
Applicable Percentage (Section 2.4)	Project (Recital A)
Assignment (Section 2.4)	Property (Section 5)
Borrower (preamble)	Refinancing (Section 2.4)
CC&Rs (Section 7.2(c))	Residual Receipts (Section 2.3)
Certificate of Occupancy (Section 14.1(b))	Senior Financing (Recital B)
Claims (Section 10.4)	Site (Recital A)
Close of Escrow (Section 7.4)	Subordination Agreements (Section 7.3(i))
Closing Conditions (Section 7.2)	Term (Section 10.2)
Closing Deadline (Section 7.2)	Title Company (Section 7.2(f))
Commission (preamble)	Transfer (Section 32.1)
Completion of the Project (Section 14.1)	Transfer Documents (Section 32.2)
Construction Contract (Section 7.2(o))	Transfer Notice (Section 32.2)
Default Rate (Section 5)	Very Low-Income (Section 11.1)
Developer Fee (Section 8.2)	
Equity Proceeds (Section 2.3)	
Escrow (Section 7.1)	
Escrow Holder (Section 7.1)	
Event of Default (Section 17.1)	
General Contractor (Section 7.2(o))	
Governmental Restrictions (Section 10.1)	
Gross Rents (Section 10.9)	
Hazardous Materials (Section 10.7)	
HOME Deed of Trust (Section 6)	
HOME Loan (Recital A)	
HOME Maturity Date (Section 2.3)	
HOME Note (Section 2.1)	
Junior Financing (Recital B)	
Loan Documents (Section 7.2(e))	
Low-Income (Section 11.1)	
Management Contract (Section 11.3)	
Management Entity (Section 11.3)	
Manager (Section 11.3)	
Maturity Date (Section 2.3)	
Net Proceeds (Section 2.4)	
Net Refinancing Proceeds (Section 2.4)	
Operating Expenses (Section 10.9)	
Other Financing (Recital B)	
Parties (preamble)	
Party (preamble)	

EXHIBIT "B" TO LOAN AGREEMENT

LEGAL DESCRIPTION OF THE SITE

That certain real property situated in the City of Arcadia, State of California, County of Los Angeles, more particularly described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE WEST 185.48 FEET OF THE EAST 768.00 FEET OF LOT 68 OF SANTA ANITA COLONY, IN THE CITY OF ARCADIA, AS PER MAP RECORDED IN BOOK 42 PAGE 87 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION INCLUDED WITHIN THE LINES OF THE 80 FOOT STRIP OF LAND CONDEMNED FOR FLOOD CONTROL PURPOSES BY FINAL DECREE ENTERED IN CASE NO. 519554 OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF LOS ANGELES, AS DESCRIBED IN CERTIFICATE OF TITLE NO. TV-61158 ON FILE IN THE OFFICE OF THE REGISTRAR OF TITLES OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF THE EASTERLY 582.52 FEET OF LOT 68 IN SANTA ANITA COLONY, AS SHOWN ON MAP RECORDED IN BOOK 42 PAGES 87 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE INTERSECTION OF THE WESTERLY LINE OF SAID EASTERLY 582.52 FEET ON SAID LOT AND THE NORTHERLY LINE OF LIVE OAK AVENUE, 100 FEET WIDE, AS SHOWN ON MAP OF TRACT 13935 RECORDED IN BOOK 285 PAGES 12 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE NORTH 79° 56' 16" EAST 26.09 FEET TO THE WESTERLY SIDELINE OF THAT STRIP OF LAND, 80 FEET WIDE DESCRIBED IN "PARCEL NO. 123 IN A FINAL JUDGMENT HAD IN SUPERIOR COURT CASE NO. 519554, RECORDED IN BOOK 25990 PAGE 156, OFFICIAL RECORDS; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID WESTERLY LINE NORTH 9° 57' 51" WEST 166.89 FEET TO SAID WESTERLY LINE OF SAID EASTERLY 582.52 FEET OF SAID LOT; THENCE SOUTHERLY ALONG SAID LAST MENTIONED WESTERLY LINE 168.96 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM 25% OF ALL OIL, GAS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND WITHOUT RIGHT OF SURFACE ENTRY, AS TO PARCELS 1 AND 2.

EXHIBIT "C" TO LOAN AGREEMENT

HOME PROMISSORY NOTE

\$ 1,350,000
Arcadia, CA

DATE September , 2003

For value received, the undersigned, Arcadia Heritage Park, L.P., a California Limited Partnership, ("Borrower"), whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) (the "HOME Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, in accordance with the terms and conditions of that certain Loan Agreement dated as of September _____, 2003, entered into between Borrower and the Commission (the "Loan Agreement"), and the terms and conditions of this Promissory Note (this "HOME Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with funds for use in connection with development of a housing project ("Project") on a site more particularly described in the Loan Agreement ("Site").

1.0 Interest.

1.1 Basic Interest. Except as provided in Section 1.4 below, the disbursed and unpaid principal balance of the HOME Loan shall bear interest commencing on the date on which such HOME Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

1.2 Calculation of Residual Receipts {tc \12 "1.3 Optional Deferral Based Upon Residual Receipts}. Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

1.3 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Loan or the HOME Note, shall bear interest at the rate of ten percent (10%) per annum simple interest ("Default Rate"), from the date due until the date paid.

1.4 Definition of Residual Receipts{tc \12 "1.5 Definition of Residual Receipts}.

1.4.1 "Residual Receipts" shall mean, with respect to each calendar year, the amount by which "Gross Rents," as defined herein, for such calendar year exceed the "Operating Expenses", as defined herein, for that calendar year.

1.4.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds'; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.4.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair

of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed six percent (6%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to Commission's, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed \$10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than \$250.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties; (vi) payment of the Deferred Developer Fee; and (vii) to the extent not otherwise included in Operating Expenses, amounts paid from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense.

1.4.4 Notwithstanding any provision of Section 1.4.3, the term "Operating Expenses" shall not include any of the following:

(i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Los Angeles-Orange County area for the same work or services;

(ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses;

(iii) optional or elective payments with respect to the Senior Financing;

(iv) any payments with respect to Junior Financing, Other Financing, or any other Project-related loan or financing other than the Senior Financing; or

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

1.5 Intentionally Omitted

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this HOME Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of the Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this HOME Note or the Loan Agreement, then toward any accrued basic interest, then toward outstanding interest accrued at the Default Rate, if any, and finally toward the remaining principal balance under this HOME Note.

4. Security and Source of Payment.

Borrower's obligations under this HOME Note and the Loan Agreement shall, at all times during which any amount remains outstanding, be secured by the HOME Deed of Trust ("HOME Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission as pursuant to the HOME Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property that are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this HOME Note, the Loan Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the HOME Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the HOME Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due thereunder, this HOME Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this HOME Note, the Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this HOME Note, the Loan Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The HOME Loan proceeds shall be used by Borrower only to pay eligible predevelopment costs and costs for the Project described in the Loan Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this HOME Note.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by the Commission, Borrower covenants as follows:

7.1 Compliance with Loan Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Loan Agreement and the HOME Deed of Trust. Any amounts payable by Borrower under the Loan Agreement or the HOME Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the Loan.

7.3 Construction Requirements. Borrower shall comply with the construction requirements set forth on Exhibit "N" to the Loan Agreement.

8. Assignment of this HOME Note.

This HOME Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything which may be or appear to be herein to the contrary, no purported assignment of this HOME Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this HOME Note and the Loan Agreement and all the other Loan Documents. With respect to Projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 16.0 of the Loan Agreement.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the HOME Deed of Trust or the Loan Agreement, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, there shall be not be a cure period for failure by Borrower to timely repay the Loan at the Maturity Date of this HOME Note;

(2) The failure of Borrower to perform any non-monetary covenant or obligation hereunder or under the HOME Deed of Trust or the Loan Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice and cure period shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this HOME Note, the Loan Agreement or the HOME Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this HOME Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 16.0 or Section 32.0 of the Loan Agreement;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. The Commission Remedies. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the HOME Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this HOME Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money, whether under this HOME Note or the Loan Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this HOME Note;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this

HOME Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this HOME Note, no notice shall be required except as expressly provided herein.

D. The Commission Default and Borrower Remedies. Upon fault or failure of the Commission to meet any of its obligations under this HOME Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this HOME Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this HOME Note or seeking to enjoin any act by the Commission which is prohibited hereunder, and;

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this HOME Note;

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Commission arising out of or in connection with this HOME Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Agreement to Pay Attorneys' Fees and Expenses.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this HOME Note or any of the Loan Documents as a consequence of any breach by the other party of its obligations thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this HOME Note or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this HOME Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this HOME Note, nor shall any official or employee of the Commission participate in any decision relating to this HOME Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this HOME Note by the Commission.

12. Amendments, Changes and Modifications.

This HOME Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower: Arcadia Heritage Park, L.P.
1740 E. Garry Avenue, Suite 105
Santa Ana, CA 92705
Attn: Roger Davila, Vice President
Fax No. (949) 224-1805

With a copy to: Sun America Affordable Housing Partners, Inc.
1 SunAmerica Center
Century City, 37th Floor
Los Angeles, CA 90067-6022
Attention: Michael L. Fowler
Fax No. (310) 772-6794

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

14. Severability.

The invalidity or unenforceability of any one or more provisions of this HOME Note will in no way affect any other provision.

15. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this HOME Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this HOME Note by Borrower. Each Party has been represented by counsel in the negotiation of this HOME Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this HOME Note, nothing herein or in this HOME Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this HOME Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this HOME Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Loan Agreement.

16. No Waiver; Consents.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law.

This HOME Note shall be governed by the laws of the State of California and other applicable federal standards.

18. Representations and Warranties of Borrower.

Borrower hereby warrants and represents to the Commission that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly organized, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this HOME Note,

the HOME Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This HOME Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this HOME Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution. This HOME Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could materially impair its ability to perform its obligations under this HOME Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this HOME Note.

G. Default. To Borrower's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this HOME Note, the Loan Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor, to Borrower's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any Commission official or employee under this HOME Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without

limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 32 of the Loan Agreement and any other consent or approval by the Commission under this HOME Note, the HOME Deed of Trust, the Loan Agreement or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing.

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this HOME Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

IN WITNESS WHEREOF, Borrower has executed this HOME Note as of the date and year first above written.

Borrower:

By: ARCADIA HERITAGE PARK, L.P.,
a California limited partnership

By: ASL ARCADIA, INC., a California
company, its Development General Partner

By: _____
Roger Davila, Vice President

By: HERITAGE COMMUNITY
HOUSING INC., a California non-profit
corporation, its Managing General Partner

By: _____
John Bigley, Executive Vice President

By: American Senior Living, Inc., a
California corporation, its Developer

By: _____
Roger Davila, Vice President

EXHIBIT "D" TO LOAN AGREEMENT

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing Development and Preservation

-----Above Space For Recorder's Use Only-----

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of September __, 2003, by and between ARCADIA HERITAGE PARK, L.P., a California Limited Partnership ("Trustor") whose address is 1740 East Gary Avenue, Suite 105, Santa Ana, CA 92705 to First American Title ("Trustee") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

R E C I T A L S

A. Beneficiary is making a loan to Trustor in the original principal amount of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000) (the "Loan") pursuant to that certain Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of September __, 2003. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "Property").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below, all of its present and future estate, right, title and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

1. All development rights, air rights, water, water rights, and water stock relating to the Property.

2. All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

3. All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

4. All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

5. All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

6. All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

7. All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names

or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

8. All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

9. All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

10. All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

1. performance of each agreement of Trustor herein contained or incorporated herein by reference;

2. payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

3. performance of each agreement of Trustor contained in the Loan Agreement, or any of the "Loan Documents" (as defined therein), and any extension, renewal or modification of such Loan Agreement and Loan Documents;

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and

improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note.

In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at the time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Section 3, and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use

of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is in material default hereunder, (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement

at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Default Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Default Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such

invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and paying, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review. Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Loan Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

(a) The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days after such payment is due. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

(b) The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(g) below;

(c) The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

(d) Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Trustor shall suffer or attempt to effect "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 16 or 32 of the Loan Agreement);

(g) Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

(h) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d) in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust

or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33 below, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf

and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary a certified statement in form reasonably satisfactory to Beneficiary conforming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary or its representatives at no expense to Trustor to examine such books and records and all supporting data and vouchers, from time

to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice of its approval or disapproval following

submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any consent to a Transfer under Section 33 of this Deed of Trust or any of the Loan Documents may be given by Beneficiary's Executive Director without action of Beneficiary's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the Loan Agreement), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 16.0 of the Loan Agreement without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

b. At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. Upon the effectiveness of any such Transfer, Trustor shall be released from obligations arising thereafter under the Loan Documents.

c. Notwithstanding anything in this Deed of Trust which may be or appear to be to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if

there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

d. The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

By: ARCADIA HERITAGE PARK, L.P.,
a California limited partnership

By: ASL ARCADIA, INC., a California
company, its Development General Partner

By: _____
Roger Davila, Vice President

By: HERITAGE COMMUNITY
HOUSING INC., a California non-profit
corporation, its Managing General Partner

By: _____
John Bigley, Executive Vice President

By: American Senior Living, Inc., a
California corporation, its Developer

By: _____
Roger Davila, Vice President

BENEFICIARY:

COMMUNITY DEVELOPMENT
COMMISSION
OF THE COUNTY OF LOS ANGELES,
a public body, corporate and politic

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:
LLOYD W. PELLMAN, COUNTY COUNSEL

By: _____
Deputy

On _____ before me, _____, Notary Public, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Signature

On _____ before me, _____, Notary
Public, personally appeared _____
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Signature

On _____ before me, _____, Notary
Public, personally appeared _____
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Signature

ATTACHMENT 1 TO DEED OF TRUST

LEGAL DESCRIPTION OF THE SITE

That certain real property situated in the City of Arcadia, State of California, County of Los Angeles, more particularly described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE WEST 185.48 FEET OF THE EAST 768.00 FEET OF LOT 68 OF SANTA ANITA COLONY, IN THE CITY OF ARCADIA, AS PER MAP RECORDED IN BOOK 42 PAGE 87 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION INCLUDED WITHIN THE LINES OF THE 80 FOOT STRIP OF LAND CONDEMNED FOR FLOOD CONTROL PURPOSES BY FINAL DECREE ENTERED IN CASE NO. 519554 OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF LOS ANGELES, AS DESCRIBED IN CERTIFICATE OF TITLE NO. TV-61158 ON FILE IN THE OFFICE OF THE REGISTRAR OF TITLES OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF THE EASTERLY 582.52 FEET OF LOT 68 IN SANTA ANITA COLONY, AS SHOWN ON MAP RECORDED IN BOOK 42 PAGES 87 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE INTERSECTION OF THE WESTERLY LINE OF SAID EASTERLY 582.52 FEET ON SAID LOT AND THE NORTHERLY LINE OF LIVE OAK AVENUE, 100 FEET WIDE, AS SHOWN ON MAP OF TRACT 13935 RECORDED IN BOOK 285 PAGES 12 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE NORTH 79° 56' 16" EAST 26.09 FEET TO THE WESTERLY SIDELINE OF THAT STRIP OF LAND, 80 FEET WIDE DESCRIBED IN "PARCEL NO. 123 IN A FINAL JUDGMENT HAD IN SUPERIOR COURT CASE NO. 519554, RECORDED IN BOOK 25990 PAGE 156, OFFICIAL RECORDS; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID WESTERLY LINE NORTH 9° 57' 51" WEST 166.89 FEET TO SAID WESTERLY LINE OF SAID EASTERLY 582.52 FEET OF SAID LOT; THENCE SOUTHERLY ALONG SAID LAST MENTIONED WESTERLY LINE 168.96 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM 25% OF ALL OIL, GAS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND WITHOUT RIGHT OF SURFACE ENTRY, AS TO PARCELS 1 AND 2.

EXHIBIT "J" TO LOAN AGREEMENT

OFFICIAL BUSINESS

Document entitled to free Recording
per Govt. Code Section 6103.

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(Space Above Line for Recorder's use)

COVENANTS, CONDITIONS, AND RESTRICTIONS

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the __ day of _____ 2003 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("the Commission"), and ARCADIA HERITAGE PARK, L.P., a California limited partnership ("Owner"), with reference to the following:

A. The Commission and Owner are parties to a Loan Agreement ("Loan Agreement") dated as of September __, 2003, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the initial principal amount of up to One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) (the "Loan") for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Exhibit "A" to this Agreement (the "Site").

B. Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Loan Agreement.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

(1) Use of the Property.

a. Restriction to Low- and Very Low-Income Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the 30-year term of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a

residential development with eleven (11) HOME assisted dwelling units and, all rentals shall be in accordance with the tenant income levels specified in this Agreement. All HOME assisted dwelling units shall be rented only at an “Affordable Housing Cost” to persons of “Low-Income” and “Very Low-Income” as further specified in the Agreement.

All HOME assisted dwelling units shall be further restricted to the following income categories of Very-Low Income Households:

Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the 30-year Term of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the number of dwelling units and with the tenant income levels specified in the Transaction Summary above and in these CC&R's. All units shall be rented only at an “Affordable Housing Cost” to Seniors of “Low-Income” and “Very Low-Income” as specified in the Transaction Summary above and in these CC&R's.

Quantity	Unit Type	Percent of AMI
3 HOME Assisted Units	1 Bedroom	50%
8 HOME Assisted Units	2 Bedroom	60%
11 HOME Assisted Total Units		

“Very Low-Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for very low-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development (HUD).

“Low-Income” shall mean persons and families whose gross annual household income do not exceed sixty percent (60%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

“Seniors” shall mean persons who are at least 55 years old.

“Affordable Housing Cost” shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed the following:

As to Low-Income Households, the product of thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for family size appropriate to the unit, as reasonably determined by the Commission;

As to Very Low-Income Households, the product of thirty percent (30%) times fifty percent (50%) of Area Median Income adjusted for family size appropriate to the unit, as reasonably determined by the Commission;

Except to the extent “grandfathered” or otherwise exempted by state law, the foregoing definition of “Affordable Housing Cost” shall be deemed amended to correspond with

future amendments of the definition of “affordable rent” in California Health and Safety Code Section 50053.

“Area Median Income” (AMI) shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size as periodically adjusted by HUD, or any successor entity designated under state law as responsible for establishing such “Area Median Income.”

The covenants described in Section 11.1 of the Loan Agreement shall remain in effect through the later of the expiration of the Term of this Agreement or the Maturity Date of this loan, notwithstanding the repayment of the Loan by Owner prior to the Maturity Date.

Owner shall specifically provide in each Assisted Unit lease and shall strictly enforce the requirement that each Assisted Unit be occupied at all times by the Eligible Person who has leased that Unit, and that any other occupant of the unit be another qualified member of the Eligible Person’s household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Owner fails to do so. Prior to execution of any Assisted Unit lease with respect to the Project, Owner shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Owner shall thereafter use the approved form for all leases of Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

The covenants described in this Agreement shall remain in effect through the 30-year term of this Agreement, notwithstanding the earlier repayment of the Loan by Owner.

b. Tenant Selection Process; Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the Commission to monitor compliance with the tenanting requirements described in Section 1(a) above, including without limitation the requirement that Owner deliver reports to the Commission commencing at the date of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the tenant and the amount of rent payable by each tenant. Owner shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the Commission to certify such tenant's qualification for occupancy of the Project. Owner's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in this Section 1.

(2) Management of Project. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions (“Manager”) with respect to the operation of the Project including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain the Commission's written approval which shall not be unreasonably withheld, conditioned, or delayed of a management contract (“Management Contract”) entered into between Owner and an entity (“Management Entity”) acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management

Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and the Commission. Owner shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Owner or the Commission. Owner's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 1 of this Agreement.

(3) Operations and Maintenance. Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the Loan Agreement and the Deed of Trust (as defined in the Loan Agreement).

Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Owner, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any applicable Governmental Restrictions (as defined below) or the restrictions contained in this Agreement. Furthermore, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof. As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; the laws specified in the Loan Agreement; and applicable federal, state and local fair housing laws. Owner shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of owner's failure to comply with any applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project.

Owner shall, at its expense, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project approved by the Commission in accordance with the Loan Agreement and all applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

(4) Performance of Maintenance.

a. Owner shall maintain in accordance with the Commission Standards, as hereinafter defined, the private improvements, public improvements and landscaping to the curbline(s) on and abutting the Site. Said improvements shall include, but not be limited to, buildings, sidewalks and other paved areas, pedestrian lighting, landscaping, irrigation of

landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curblineline(s) abutting the Site.

b. To accomplish the maintenance, Owner shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

c. The Commission Standards: The following standards ("the Commission Standards") shall be complied with by Owner and its maintenance staff, contractors or subcontractors:

(i) Ordinary Maintenance Standards - Owner shall maintain the dwelling units and Site in good repair, order and condition at all times in order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, and that the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. Owner shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Exhibit "B" and incorporated herein by this reference.

(ii) Annual Inspection Standards - Owner shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Exhibit "C" and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the annual inspection, as set forth in Exhibit "C", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iii) Preventative Maintenance Standards - Owner shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Exhibit "D" and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the preventative maintenance, as set forth in Exhibit "D", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iv) Extraordinary Maintenance - Owner shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, in the condition required by this Agreement including extraordinary replacement of equipment, betterment, and additions. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time, or are caused by such occurrences as fire, obsolescence and, in some instances, neglect. Such items as replacement of roofs, replacement of corroded gas and heating lines, and rehabilitation of landscaping (ground-cover) would be considered in this category.

(v) The Commission may enter and inspect the premises at any time after notifying Owner 72 hours prior to the planned inspection, and said notices shall be delivered to Owner at the address indicated in section 17 (e) below.

(5) Failure to Maintain Improvements. In the event Owner does not maintain the Site improvements to the curblin(e)s in the manner set forth herein and in accordance with the Commission Standards, the Commission shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after (i) written notice to Owner stating that the condition of said improvements does not meet with the Commission Standards and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such 30 day period, then such amount of time as is needed, to cure such deficiency provided owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

In the event Owner fails to correct, remedy, or cure such maintenance deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then the Commission shall have the right to maintain such improvements. Owner agrees to pay the Commission, upon demand, such charges and costs incurred by the Commission in connection with such maintenance. Until so paid, the Commission shall have a lien on the Site for the amount of such maintenance charges and costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the fee estate in and to the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Owner in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of the Commission created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the Commission created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the Commission that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the Commission and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Commission to reimburse the Commission for the cost of undertaking such maintenance obligations of Owner and its successors and the lien for such charges shall be apportioned among the fee owners of the various portions of the Site under different ownerships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site

shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned in fee by the owner who is liable for the apportioned lien and against no other portion of the Site. Owner acknowledges and agrees the Commission may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

(6) [Intentionally omitted.]

(7) Owner's Obligation to Refrain From Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or

through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises.”

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

(8) **Covenants Run With the Land; Duration of Covenants.** The covenants and agreements established in this Agreement shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the Commission and its successors and assigns. The covenants of this Agreement shall remain in effect through the term, notwithstanding the repayment of the Loan by Owner prior to the Maturity Date. The covenants contained in Paragraph 7 of this Agreement shall remain in effect in perpetuity.

The Improvements to the curblin(e) and the maintenance thereof touch and concern the Site and inure to the benefit of any and all present or successive owners of the Site. Therefore, whenever the word “Owner” is used herein, it shall include the Owner as of date of execution of this Agreement, and any and all successor Owners or assigns of the Site, and the provisions hereof are expressly binding upon all such successive owners and assigns and the parties agree all such provisions shall run with the land. The Commission shall cause a fully executed copy of this Agreement to be recorded in the Office of the Los Angeles County Recorder. Notwithstanding the foregoing, in the event Owner or its successors or assigns shall convey its fee interest in all or any portion of the Site, the conveying owner shall be free from and after the date of recording such conveyance of all liabilities, respecting the performance of the restrictions, covenants or conditions contained in this Agreement thereafter to be performed with respect to the Site, or any part thereof, it being intended that the restrictions, covenants and conditions shall be binding upon the record owners of the Site only during such time as that person is the owner of the Site, provided that the conveying owner shall remain liable for any actions prior to the date of the conveyance.

(9) **Enforcement.** In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the Commission shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the Commission for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of the Commission is for the benefit of the real property owned by the Commission in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. The Commission shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the

enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for the Commission, the covenants and restrictions contained in this Agreement shall not benefit nor be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

(10) Compliance with Law. Owner shall comply with all applicable Governmental Restrictions relating to the uses of or condition of the Site private improvements and public improvements to the curblin(e)s. Local laws for the purposes of this section shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

(11) Indemnification and Insurance. From and after the execution of this Agreement, Owner hereby agrees to indemnify and hold harmless the Commission and all its members, directors, agents, officers and employees ("the Commission Representatives"), and each of them, from and against all liability, expense, including reasonable defense costs and legal fees of counsel acceptable to the Commission, and claims ("Losses and Liabilities") related directly or indirectly to, or arising out of or in connection with (i) any breach or default by Owner hereunder, (ii) any of Owner's activities on the Site (or the activities of Owner's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Site), including without limitation the construction of any improvements on the Site or the use or condition of any such Improvements, or (iii) any other fact, circumstance or event related to Owner's performance hereunder; provided, however, that the foregoing indemnity shall not extend to any Losses and/or Liabilities to the extent resulting from the negligence or misconduct of the Commission and/or any the Commission Representatives.

Without limiting Owner's indemnification of the Commission as set forth above, upon the close of Escrow, Owner shall provide and maintain at its sole cost and expense for the periods stated below, the following insurance program from insurers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide:

a. Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of a least One Million dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. The Commission and all the Commission Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Owner, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Said insurance shall be maintained continuously for as long as Owner shall own the Site, and shall be endorsed to require thirty (30) days prior written notice from insurer to the Commission before cancellation or reduction in coverage. Owner shall require its contractor to include the Commission and the Commission Representatives as additional insureds on all general liability insurance covering work at the Site. The policy shall contain a waiver of subrogation for the benefit of the Commission.

b. "All Risk" ISO Special Form property insurance. Coverage shall include debris removal and shall provide protection for earthquake and flood, if this protection is available from responsible carriers at reasonable costs. The Commission shall be the loss payee under the aforementioned policy (ies) under a standard lender's loss payable endorsement. The amount of property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property, and the insurer shall waive any coinsurance via an "agreement" endorsement.

c. Employees, if any, of property management assigned to the Project, American Senior Care, Inc., affiliates of American Senior Care, Inc., and Owner, shall be covered by Worker's Compensation insurance as required by the Labor Code of the State of California and Employer Liability limits of \$1,000,000 per accident. In all cases, the above insurance also shall include Employer's Liability coverage with limits of not less than the following:

Each Accident:	\$1,000,000
Disease-policy limit:	\$1,000,000
Disease-each employee	\$1,000,000

d. Automobile Liability insurance with a combined single limit of at least one million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

Owner shall annually (or more frequently in the event of a change of insurer or policy) deliver to the Commission certificates of insurance with original endorsements evidencing the coverage required by this Agreement. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time.

Said insurance may provide for such deductibles or self-insured retention as may be reasonably acceptable to the Commission. In the event such insurance does provide for deductibles or self insurance, Owner agrees that it will protect the Commission and the Commission Representatives in the same manner as these interests would have been protected had full commercial insurance been in effect. If required by the Commission from time to time, Owner shall reasonably increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Failure on the part of Owner to procure or maintain required insurance shall constitute a material breach of this Agreement under which the Commission may immediately terminate this Agreement or, at the discretion of the Commission, procure or renew such insurance and pay any and all reasonable premiums in connection therewith, and all monies so paid by the Commission shall be repaid by Owner to the Commission upon demand.

(12) Bodily Injury and Site Damage Insurance Requirements. Owner shall indemnify, defend, assume all responsibility for and hold the Commission and its officers, employees, and agents harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys' fees and Court costs), which result from any of Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after termination of this Agreement.

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

(13) Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default in accordance with paragraph 16(e) hereof. The defaulting party shall no longer be in default if the defaulting party cures such default within thirty (30) days after receiving the Default Notice, provided, however, that if such default cannot be reasonably cured within such period, the defaulting party shall be given such longer period as reasonably necessary (which in the case of a default by Owner shall be as reasonably determined by the Commission) and the defaulting party shall no longer be in default if it commences to cure such default within such thirty (30) day period and completes such cure with reasonable and due diligence.

The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the Commission or Owner may have at law or at equity.

(14) Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and the Commission.

(15) Attorney's Fees. In the event of litigation arising out of any breach of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

(16) Miscellaneous Provisions.

a. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement.

b. Severability. Invalidation of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

c. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

d. Effective Date. This Agreement shall take effect upon its recording in the Office of Los Angeles County Recorder.

e. Notices. All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Owner: Arcadia Heritage Park, L.P.
1740 E. Garry Avenue, Suite 105
Santa Ana, CA 92705
Attn: Roger Davila, Vice President
Fax No. (949) 224-1805

With a copy to: Sun America Affordable Housing Partners, Inc.
1 SunAmerica Center
Century City, 37th Floor
Los Angeles, CA 90067-6022
Attention: Michael L. Fowler
Fax No. (310) 772-6794

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

f. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

g. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

IN WITNESS WHEREOF, the Commission and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

COMMISSION:

**COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM
LLOYD W. PELLMAN, COUNTY COUNSEL

By _____
Deputy

OWNER:

By: ARCADIA HERITAGE PARK, L.P.,
a California limited partnership

By: ASL ARCADIA, INC., a California
company, its Development General Partner

By: _____
Roger Davila, Vice President

By: HERITAGE COMMUNITY
HOUSING INC., a California non-profit
corporation, its Managing General Partner

By: _____
John Bigley, Executive Vice President

By: American Senior Living, Inc., a
California corporation, its Developer

By: _____
Roger Davila, Vice President

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 2003, before me _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 2003, before me _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION OF THE SITE

That certain real property situated in the City of Arcadia, State of California, County of Los Angeles, more particularly described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE WEST 185.48 FEET OF THE EAST 768.00 FEET OF LOT 68 OF SANTA ANITA COLONY, IN THE CITY OF ARCADIA, AS PER MAP RECORDED IN BOOK 42 PAGE 87 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION INCLUDED WITHIN THE LINES OF THE 80 FOOT STRIP OF LAND CONDEMNED FOR FLOOD CONTROL PURPOSES BY FINAL DECREE ENTERED IN CASE NO. 519554 OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF LOS ANGELES, AS DESCRIBED IN CERTIFICATE OF TITLE NO. TV-61158 ON FILE IN THE OFFICE OF THE REGISTRAR OF TITLES OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF THE EASTERLY 582.52 FEET OF LOT 68 IN SANTA ANITA COLONY, AS SHOWN ON MAP RECORDED IN BOOK 42 PAGES 87 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE INTERSECTION OF THE WESTERLY LINE OF SAID EASTERLY 582.52 FEET ON SAID LOT AND THE NORTHERLY LINE OF LIVE OAK AVENUE, 100 FEET WIDE, AS SHOWN ON MAP OF TRACT 13935 RECORDED IN BOOK 285 PAGES 12 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE NORTH 79° 56' 16" EAST 26.09 FEET TO THE WESTERLY SIDELINE OF THAT STRIP OF LAND, 80 FEET WIDE DESCRIBED IN "PARCEL NO. 123 IN A FINAL JUDGMENT HAD IN SUPERIOR COURT CASE NO. 519554, RECORDED IN BOOK 25990 PAGE 156, OFFICIAL RECORDS; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID WESTERLY LINE NORTH 9° 57' 51" WEST 166.89 FEET TO SAID WESTERLY LINE OF SAID EASTERLY 582.52 FEET OF SAID LOT; THENCE SOUTHERLY ALONG SAID LAST MENTIONED WESTERLY LINE 168.96 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM 25% OF ALL OIL, GAS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND WITHOUT RIGHT OF SURFACE ENTRY, AS TO PARCELS 1 AND 2.

EXHIBIT "B" TO CC&Rs

Community Development Commission of the County of Los Angeles **ORDINARY MAINTENANCE AND REPAIRS**

Ordinary maintenance is the routine work of keeping the buildings, grounds, and equipment in such condition that they may be utilized continually at their original or designed capacities and efficiencies for their intended purposes. Minor repair is the restoration of the facility to a condition substantially equivalent to its original capacity. Minor replacement is the substitution of component parts of equipment to extend its useful life.

In order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. "Grounds" includes lawns, roads, walks and other paved areas, trees and plants, fences, play areas, drainage facilities, etc. "Buildings" includes roofs, attic spaces, gutters and downspouts, walls, porches, foundations, crawl spaces, windows, floors, doors, etc. "Equipment" covers all items such as utility lines and piping, heating and plumbing equipment, pumps and tanks, ranges and refrigerators, tools, etc.

Set forth below are the standards for the degree of maintenance, repair and cleaning necessary to qualify as "safe, decent and sanitary." The Standards describe the minimum level of cosmetic repair and degree of cleanliness necessary to effectively market the dwelling units and to satisfy the needs of prospective residents. In brief, rental units are to be free of all defects (as described herein) and have an appealing and desirable appearance.

EXTERIOR PROPERTY AREAS

- A. Sanitation. Yards shall be clean and sanitary. All rubbish, garbage, trash, litter, debris, and abandoned personal property are to be removed from the grass, walks, steps, parking areas, and other grounds, as well as the roofs, gutters and window wells.
- B. Lawn Maintenance. Grounds shall be examined for proper drainage and, if necessary, graded to prevent the accumulation of stagnant water and to prevent water from seeping into building structures. All soil areas shall be sodded or seeded, as necessary, to prevent erosion, except garden areas at scattered sites. Weeds, saplings and uncut grass along the foundations of the house and garage, the fences, the walks, the parking areas, the sidewalk expansion joints and the window wells are to be removed. All grounds are to be free of noxious weeds. Bushes, hedges and trees are to be trimmed, if necessary. Grass shall be cut as often as necessary so that it does not exceed five (5) inches in height. The yard will be raked, as necessary.
- C. Walks and Steps. Cracks and Breakage. All front walks, sidewalks, rear walks, steps, driveways and parking pads shall be maintained in such a manner that there are no cracks or heaves large enough to create a safety hazard. Remove chipped and loose pieces of concrete and asphalt, as needed. Remove all graffiti.

EXTERIOR STRUCTURES -- DWELLING AND GARAGE

- D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.
- E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".
- F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.
- G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.
- H. Faucets. Faucets and handles shall work properly.
- I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.
- J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately.

Those deficiencies that are discovered during the winter that require warm weather to properly correct are to be noted for summer repair.

INTERIOR PROPERTY AREAS

- K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or less are to be filled if they are present in sufficient number to give the surface an undesirable appearance. All patches are to be sanded smooth. All wet plaster shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.
- L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.
- M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or

vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.

- N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mod. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Re-putty the windows, if necessary. Window locks and other hardware shall function properly.
- O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.
- P. Plumbing Fixtures.
- i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off." Each faucet shall have a properly installed and functioning aerator, if so designed.
 - ii. Drains shall be tested by a 30-second lukewarm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.
 - iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.
 - iv. Toilets shall operate properly. Toilet seats and covers shall be in "like new" condition with no surface finish loss whatsoever.
 - v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.
- Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.
- R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.
- S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.

- T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.
- U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.
- V. Attic. Accessible attics shall be free of litter.
- W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.
- X. Pest Control. The Site shall be free of all insect vermin. Remove all insect vermin. Inspect for other vermin and exterminate, if necessary.

EXHIBIT "C" TO CC&Rs

Community Development Commission of the County of Los Angeles **ANNUAL INSPECTION STANDARDS**

In order to ensure that all units are maintained in a safe, sanitary, decent condition, the Commission shall conduct a planned annual physical inspection of each dwelling unit, every building, and all other facilities with a record of any item requiring repair or replacement. This will include such items as plaster repairs, painting, termite inspection, roof deterioration, overloading of electric circuits, corrosion control, floors, windows and screens, ranges, refrigerators, fixtures and equipment. The inspection shall be made to the following standard:

DWELLING UNIT -

FLOORS (CARPET): Clean; no tears; no readily noticed marks or stains.

FLOORS (VINYL TILE): Clean; unbroken; no cracks; no unmatched tiles.

WALLS (PAINTED): Clean; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

WALLS (CERAMIC TILE): Tiles in place, secure, uncracked, unmarked (and free of paint); grout intact, uncracked, clean; covering at floor intact, clean.

CEILINGS (SPACKLED): Clean, consistent texture; no marks; no surface breaks.

WINDOWS: Clean; glass unbroken, uncracked; frames secure; latches secure and easily operated; movable parts operate smoothly and easily; screens in place, untorn, movable parts operate smoothly and easily; weather-stripping intact and secure.

DRAPES: In place; clean, uniform appearance; no holes, tear; operating mechanism in place, opens/closes smoothly and easily.

DOORS: Door and jambs intact and secure; surface unbroken and with uniform, finished appearance; hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

CLOSET FIXTURES: Rods, shelves in place, clean, unbroken and unmarked.

ELECTRIC RECEPTACLES AND WALL SWITCHES: Fixtures and cover plates intact and unbroken; 110 volt service available; surfaces clean with no evidence of burns on the cover plates. Bathroom and kitchen receptacles protected by Ground Fault Interrupters.

LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

HEATING, AIR COOLING EQUIPMENT: Thermostat operating properly (room temperature within 5 degrees of setting); heating zone valve leak-free; base-board heating fixtures intact, clean.

VENTILATION FANS/HOODS: Fans and lights operable without excessive noise or vibration; filters in place, intact and clean.

KITCHEN CABINETS: Doors, drawers, shelves and hardware in place, clean, intact; surfaces of smooth, unbroken, uniform appearance; all movable parts operate smoothly and easily.

KITCHEN COUNTERTOPS: Surface smooth, unbroken, unmarked, uniform color.

KITCHEN RANGE: External and internal surfaces intact and clean (including under top cover); controls function smoothly and easily, surface burners, bake and broil elements ignite and maintain design performance; doors and drawers operate smoothly and easily.

GARBAGE DISPOSER: Clean, intact, working properly without excessive noise; splashguard in place, intact, firm.

SINKS: Faucets operate providing a sufficient flow of water (2 to 3 gallons/minute) and shut off free of drips; no evidence of water leakage on top of sink or at drain under sink; drains flow freely with no backup with faucets open fully; sink surface clean, unbroken with no marks or discoloration.

BATHTUB/SHOWER: Faucets operate providing a sufficient flow of water (3 to 5 gallons/minute) and shut off free of drips; drains flow freely with no backup with faucets open fully; tub surface clean, unbroken with no marks or discoloration; grout intact, clean and unbroken; hot water temperature between 105 and 120 degrees (110 degrees at the tap recommended).

MEDICINE CABINET: In place, intact, mounted securely; surface unbroken; mirror intact, clean, uncracked; shelves in place, clean, intact; door intact, operates smoothly and easily, closes securely.

BATHROOM SINK COUNTERTOP: Clean, intact; surfaces of smooth, unbroken, uniform appearance.

BATHROOM TOWEL BARS, GRAB BARS, SOAP DISH AND TOILET PAPER HOLDER: In place, clean, intact and secure.

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

SMOKE DETECTORS: Operate when tested with approved smoke-tester.

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

INTERCOM AND REMOTE DOOR OPENER: Audible transmission and effective door latch operation.

COMMON AREAS, GROUNDS AND STRUCTURES -

LOBBY AND HALLWAY FLOORS (CARPET): Free of obstruction and litter; clean; no tears, marks, stains; carpet seams secure.

LOBBY AND HALLWAY FLOORS (VINYL TILE): Free of obstruction and litter; clean; unbroken; no cracks; no unmatched tiles.

WALLS AND CEILINGS (PAINTED): Clean; free of defacing; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

INTERIOR AND EXTERIOR LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

DOORS: Door and frames intact and secure; surface unbroken and with uniform, finished appearance (free of defacing); hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

MAILBOXES: Clean; clearly labeled; individual boxes secure.

FIRE EXITS: Doors and exits smoothly and easily operable; signs clearly marked, visible secure and intact.

UNIT ENTRANCES: Unit number clearly identified; doors secure (see Unit Inspection Form).

TRASH ROOMS, MAINTENANCE SHOP AND STOREROOM AND UTILITY ROOMS: Clean, free of odors; doors in place and secure; stored items orderly.

FIRE ALARM SYSTEMS: Inspected by safety inspectors within specified frequency.

FIRE EXTINGUISHERS: In place; filled; inspected with specified frequency.

ELEVATORS: Odor-free; floors and walls of cab clean, free of defacing, smooth, unbroken surface (no holes), no marks; doors working properly; floor buttons working properly; floor number clearly marked and visible in each hallway at the elevator exit; ventilation fan operating quietly; emergency call system functioning as designed; equipment inspected and maintenance work performed on contract schedule.

DRIVEWAYS AND PARKING LOTS: Clean; litter and graffiti-free; free of obstructions (especially abandoned or inoperable vehicles); surface unbroken, free of oil stains; painted stripes clearly visible; handicapped parking signs clearly visible.

GROUNDS AND STRUCTURES

SIDEWALKS AND STAIRWELLS: Clean; litter and graffiti-free; free of obstructions; smooth, unbroken surface (free of tripping hazards).

UTILITY METERS: Intact, covers secure.

TRASH AREAS: Free of debris; containers and covers secure, free of graffiti, in good repair.

ROOFS: Surface unbroken; no sign of puddling; free of litter, foreign objects; flashing intact and sealed; stacks and vents free of obstruction; gutters and downspouts clean, clear and secure.

LAWNS: Grass trimmed to no more than 5" high; litter-free; borders edged; weed-free; no bare spots.

TREES AND SHRUBS: Trimmed and pruned in season; no obstruction of walkways or overhang.

EXHIBIT "D" TO CC&RS

Community Development Commission of the County of Los Angeles
PREVENTATIVE MAINTENANCE STANDARDS

Preventative maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventative maintenance reduces long-range operating costs and lessens the necessity for major restorations and improvements. Preventative maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the tenants (pursuant to California Health & Safety Code 17910 *et seq.*):

Scheduled checking, adjusting, cleaning, and lubricating heating equipment.

Periodic inspection of ranges, hot water heaters, and space heaters for mechanical performance and for needed replacement of worn or broken parts.

Inspecting, servicing, and replacing worn parts in electro-mechanical equipment.

Checking and repairing plumbing fixtures, toilet tanks, drains, condition of porcelain, etc.

Termite and vermin inspection and elimination, by a Commission licensed firm.

Periodic interior and exterior painting.

Inspecting and patching roofs, gutters, downspouts, and flashing.

Inspecting underground facilities for corrosion and control thereof.

Inspecting for condensation, dampness, and fungus in wood and for rust in iron components and taking appropriate corrective measures.

Patching paved surfaces and sealcoating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

Installing protective barriers, where needed, for planted areas and trees.

Checking fire safety equipment for operable use.

Caulking around bathtubs, tiles, countertops, windows, and doors to avoid water damage.

Administration and implementation of the preventative maintenance program shall be performed on the following schedule or a schedule approved by the Commission prior to implementation:

- | | | |
|-----|--|----------|
| 1. | Annual Dwelling Inspections and Corrections | 1 year |
| 2. | Heating Furnace Services: | |
| | Minor Inspections and Services | 3 months |
| | Major Inspections and Services | 2 years |
| 3. | Fire Extinguisher and Alarm Inspections and Services | 1 month |
| 4. | Range Hood and Motor Inspections and Services | 1 year |
| 5. | Project Site Inspections and Corrections | 1 year |
| 6. | Roofing Inspections and Corrections | 1 year |
| 7. | Project Fencing Inspection | 1 year |
| 8. | Security Lighting Inspections and Services | 1 year |
| 9. | Trees and Shrubbery Inspections and Corrections | 1 year |
| 10. | Water Heater Inspections and Services | 1 year |
| 11. | Sewer Lift Station Inspections and Services | 6 months |
| 12. | Septic Tank Inspections and Services | 1 year |
| 13. | Street Pavement Inspections and Corrections | 1 year |
| 14. | Weather Stripping and Caulking | 1 year |
| 15. | Interior Painting of Units | 5 years |
| 16. | Exterior Painting of Units: | |
| | Wood siding and trim | 3 years |
| | Brick walls, stucco walls and steel sash | 5 years |

EXHIBIT "K" OF THE LOAN DOCUMENT
ENVIRONMENTAL SPECIAL CONDITIONS

ENVIRONMENTAL SPECIAL CONDITIONS

Title: Heritage Park at Arcadia
Project No. HMD001

The following special conditions/environmental mitigation measures must be included in the project contract and later implemented as part of the project scope to alleviate adverse environmental impacts. The environmental clearance is conditioned upon the implementation of all special conditions/mitigation measures:

1. Archaeological resources are not known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the vicinity of the find must be temporarily suspended or redirected until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that further disturbance shall not occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the County Coroner will have 24 hours to notify the Native American Heritage Commission.
2. Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
3. Because of ongoing concerns about regional water supplies, the facility shall be fitted with water conserving features, including, but not limited to, low flow faucets and toilets. Any proposed landscaped areas shall be designed with drought tolerant species. Planter beds shall be heavily mulched in accordance with water-conserving landscape design practice. Irrigation of planting beds shall be accomplished with drip systems.
4. Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.
5. During site preparation or construction activity, should any additional areas of environmental concern, or potentially hazardous materials or conditions be detected on the site, work in the area shall be suspended, the materials, or area of concern shall be appropriately tested, characterized and assessed, and where required, mitigation performed in accordance with all local, state and federal regulations to reduce the hazard below significant levels.

EXHIBIT “L” OF THE LOAN DOCUMENT

PROJECT DESCRIPTION

Arcadia Heritage Park, L.P., a California limited partnership, was created to be the ownership entity. ASL Arcadia, Inc. will serve as the developer general partner and Heritage Community Housing, Inc. will serve as the managing general partner. Heritage Park at Arcadia is a 54 unit 100 percent affordable senior rental development, located at 150 W. Las Tunas, Arcadia, California. Of the total 53 units (not including one manager’s unit), there will be 11 HOME assisted units. The unit mix is as follows:

Quantity	Unit Type	Percent of AMI
13	1 Bedroom	50%
3 (HOME Assisted Units)	1 Bedroom	50%
29	1 Bedroom	60%
8 (HOME Assisted Units)	2 Bedroom	60%
53 Total Units		

Total does not include one 2 Bedroom unit for manager.

The site is approximately 1.5 acres with street frontage on two sides. The proposed use is compatible with the surrounding neighborhood, a mixture of commercial and residential uses. Because the project is also located within a transportation corridor and within walking distance of local retail services that provide daily necessities, the location is prime for seniors. The City of Arcadia has an active Senior Center which can provide free and discounted meal programs, transportation assistance, education classes, health and wellness awareness and entertainment events.

The development is a 54-unit 3-story elevatored wood frame structure with stucco exterior and interior corridors. The main entrance is within a gated perimeter and the visitor entrance will be connected to each unit via telephone. All units will have balconies and the living units include design features for senior residents. An outdoor patio and an indoor community room are provided for communal events. Surface parking is gated and located immediately adjacent to the main lobby entrance.

EXHIBIT "M" OF THE LOAN DOCUMENT
DEVELOPMENT PRO FORMA

May 27, 2003
HERITAGE PARK AT ARCADIA (SPP)
SUPPLEMENTAL SCHEDULE OF FORECASTED CONSTRUCTION COSTS
FOR THE PERIOD JANUARY 1, 2004 THROUGH JANUARY 1, 2034

FORECASTED CONSTRUCTION COSTS	Costs	Cost per Unit	Cost per SF	Construction Costs Incurred		
				2003	2004	2005
Land and Building Acquisition						
Land	\$ 1,625,000	\$ 30,093	\$ 29.60	\$ 1,625,000	\$ -	\$ -
Personal Property (Furniture, Fixtures)	42,500	787	0.77	42,500	-	-
Off-site Improvements	52,500	972	0.96	52,500	-	-
Other Acquisition Costs	\$ 116,000	2,148	2.11	116,000	-	-
Total Land and Building Acquisition	1,836,000	34,000	\$ 33.45	1,836,000	-	-
Construction "Hard" Costs						
On-Site Improvements	572,660	10,605	\$ 10.43	572,660	-	-
Utility Connections	-	-	-	-	-	-
Other Site Costs	-	-	-	-	-	-
New Building - Construction	2,813,400	52,100	\$ 51.25	2,813,400	-	-
Rehabilitation	-	-	-	-	-	-
Impact Fees and Permits	183,250	3,394	\$ 3.34	183,250	-	-
Planning & Building Fees	9,786	181	\$ 0.18	9,786	-	-
General Requirements	167,000	3,093	\$ 3.04	167,000	-	-
Contractor Contingency	189,953	3,518	\$ 3.46	189,953	-	-
Other Construction Costs	55,000	1,019	\$ 1.00	55,000	-	-
Total Construction "Hard" Costs	3,991,049	73,908	\$ 72.70	3,991,049	-	-

May 27, 2003
HERITAGE PARK AT ARCADIA (SPP)
SUPPLEMENTAL SCHEDULE OF FORECASTED CONSTRUCTION COSTS
FOR THE PERIOD JANUARY 1, 2004 THROUGH JANUARY 1, 2034

FORECASTED CONSTRUCTION COSTS	Costs	Cost per Unit	Cost per SF	Construction Costs Incurred		
				2003	2004	2005
Contractor and Developer Fees						
General Contractor Overhead	95,495	1,768	\$ 1.74	95,495	-	-
General Contractor Profit	95,495	1,768	\$ 1.74	95,495	-	-
Developer Fee	882,496	16,343	\$ 16.08	441,248	441,248	-
Total Contractor and Developer Fees	1,073,486	19,879	\$ 19.56	632,238	441,248	-
Soft Costs						
Construction Insurance	-	-	\$ -	-	-	-
Construction Loan Interest	-	-	\$ -	-	-	-
Construction Loan Interest & Fees	458,300	8,487	\$ 8.35	458,300	-	-
Note Financing Fees	-	-	\$ -	-	-	-
Payment & Performance Bonds (Construction)	-	-	\$ -	-	-	-
Real Estate Taxes (during construction)	18,688	346	\$ 0.34	18,688	-	-
Bond Premium	-	-	\$ -	-	-	-
Payment & Performance Bonds (Permanent)	-	-	\$ -	-	-	-
Permanent Loan Fees	190,175	3,522	\$ 3.46	190,175	-	-
Bridge Loan Interest & Fees	68,300	1,265	\$ 1.24	68,300	-	-
Permanent Credit Enhancement (Sun)	12,500	231	\$ 0.23	12,500	-	-
Interest Expense	-	-	\$ -	-	-	-
Title & Recording (Construction Loan)	6,250	116	\$ 0.11	6,250	-	-
Title & Recording (Permanent Loan)	6,250	116	\$ 0.11	6,250	-	-
Taxes	-	-	\$ -	-	-	-
Legal Fees	60,000	1,111	\$ 1.09	60,000	-	-
Other Permanent Financing Fees	-	-	\$ -	-	-	-
Architectural Design	-	-	\$ -	-	-	-
Architectural Design & Supervision	207,900	3,850	\$ 3.79	207,900	-	-
Engineering	25,000	463	\$ 0.46	25,000	-	-
Soil Tests	20,000	370	\$ 0.36	20,000	-	-

May 27, 2003
HERITAGE PARK AT ARCADIA (SPP)
SUPPLEMENTAL SCHEDULE OF FORECASTED CONSTRUCTION COSTS
FOR THE PERIOD JANUARY 1, 2004 THROUGH JANUARY 1, 2034

FORECASTED CONSTRUCTION COSTS	Costs	Cost per Unit	Cost per SF	Construction Costs Incurred		
				2003	2004	2005
Land Survey / Topo / Civil Engineering	15,000	278	\$ 0.27	15,000	-	-

May 27, 2003
HERITAGE PARK AT ARCADIA (SPP)
SUPPLEMENTAL SCHEDULE OF FORECASTED CONSTRUCTION COSTS
FOR THE PERIOD JANUARY 1, 2004 THROUGH JANUARY 1, 2034

FORECASTED CONSTRUCTION COSTS	Costs	Cost per Unit	Cost per SF	Construction Costs Incurred		
				2003	2004	2005
Environmental Audit	63,605	1,178	\$ 1.16	63,605	-	-
Other Professional Fees	-	-	\$ -	-	-	-
Accounting / Cost Certification / Audit	12,000	222	\$ 0.22	-	12,000	-
Organizational Fees - Legal	-	-	\$ -	-	-	-
Organization Costs (Partnership)	-	-	\$ -	-	-	-
Construction Services Fees	-	-	\$ -	-	-	-
Other Professional Fees	-	-	\$ -	-	-	-
Feasibility Appraisal	-	-	\$ -	-	-	-
Appraisal / Market Study	7,500	139	\$ 0.14	-	7,500	-
Marketing / Sales	75,000	1,389	\$ 1.37	-	75,000	-
Environmental Remediation	-	-	\$ -	-	-	-
Tax Credit Fees	-	-	\$ -	-	-	-
TCAC App / Alloc / Compliance Monitoring Fees	24,140	447	\$ 0.44	-	24,140	-
Other Non-Qualifying Soft Costs	-	-	\$ -	-	-	-
Organizational Costs	-	-	\$ -	-	-	-
Bridge Loan Expenses	-	-	\$ -	-	-	-
Syndication Costs	-	-	\$ -	-	-	-
Other Syndication Fees	-	-	\$ -	-	-	-
Other Developer Costs	-	-	\$ -	-	-	-
Selling Commissions	-	-	\$ -	-	-	-
Lease-Up Reserve	8,383	155	\$ 0.15	8,383	-	-
Cash Reserves and Replacements	-	-	\$ -	-	-	-
Mortgage Reserve	-	-	\$ -	-	-	-
Escrows	-	-	\$ -	-	-	-
Insurance	104,183	1,929	\$ 1.90	104,183	-	-
Soft Cost Contingency	46,170	855	\$ 0.84	46,170	-	-
Miscellaneous/Relocation	325,000	6,019	\$ 5.92	325,000	-	-
Operating Deficit Reserve	-	-	\$ -	-	-	-
Total Soft Costs	1,754,344	32,488	\$ 31.96	1,643,204	111,140	-
TOTAL PROJECT COSTS	\$ 8,654,879	\$ 160,276	\$ 157.67	\$ 8,102,491	\$ 552,388	\$ -

May 27, 2003
HERITAGE PARK AT ARCADIA (SPP)
FORECASTED NET OPERATING RENTAL INCOME
FOR THE PERIOD JANUARY 1, 2004 THROUGH JANUARY 1, 2034

NET OPERATING RENTAL INCOME	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues																	
Rental Income	\$ 350,093	\$ 366,216	\$ 380,865	\$ 390,386	\$ 400,146	\$ 410,150	\$ 420,403	\$ 430,913	\$ 441,686	\$ 452,728	\$ 464,047	\$ 475,648	\$ 487,539	\$ 499,727	\$ 512,221	\$ 525,026	\$ 538,152
Laundry and Vending	2,373	2,430	2,438	2,499	2,562	2,626	2,691	2,758	2,827	2,898	2,971	3,045	3,121	3,199	3,279	3,361	3,445
Misc Income	1,084	1,134	1,138	1,166	1,195	1,225	1,256	1,287	1,319	1,352	1,386	1,421	1,456	1,493	1,530	1,568	1,608
Gross Potential Income	\$ 353,500	\$ 369,780	\$ 384,441	\$ 394,052	\$ 403,903	\$ 414,000	\$ 424,350	\$ 434,959	\$ 445,833	\$ 456,979	\$ 468,403	\$ 480,114	\$ 492,116	\$ 504,419	\$ 517,030	\$ 529,956	\$ 543,204
Forecasted Vacancies	16,948	18,489	19,222	19,703	20,195	20,700	21,218	21,748	22,292	22,849	23,420	24,006	24,606	25,221	25,851	26,498	27,160
Other Rental Concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vacancies & Reductions	16,948	18,489	19,222	19,703	20,195	20,700	21,218	21,748	22,292	22,849	23,420	24,006	24,606	25,221	25,851	26,498	27,160
EFFECTIVE GROSS INCOME (EGI)	\$ 336,552	\$ 351,291	\$ 365,218	\$ 374,349	\$ 383,708	\$ 393,300	\$ 403,133	\$ 413,211	\$ 423,541	\$ 434,130	\$ 444,983	\$ 456,108	\$ 467,511	\$ 479,198	\$ 491,178	\$ 503,458	\$ 516,044
Total Operating Expenses	130,111	130,111	134,665	139,379	144,257	149,306	154,532	159,940	165,538	171,332	177,329	183,535	189,959	196,607	203,489	210,611	217,982
NET OPERATING INCOME (LOSS)	\$ 206,441	\$ 221,180	\$ 230,553	\$ 234,970	\$ 239,451	\$ 243,994	\$ 248,601	\$ 253,271	\$ 258,003	\$ 262,798	\$ 267,655	\$ 272,573	\$ 277,552	\$ 282,591	\$ 287,690	\$ 292,847	\$ 298,062
Funding of Replacement Reserves	(12,906)	(13,500)	(13,500)	(13,905)	(14,322)	(14,752)	(15,194)	(15,650)	(16,120)	(16,603)	(17,101)	(17,614)	(18,143)	(18,687)	(19,248)	(19,825)	(20,420)
Interest Income - Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FROM OPERATIONS	\$ 193,535	\$ 207,680	\$ 217,053	\$ 221,065	\$ 225,129	\$ 229,243	\$ 233,407	\$ 237,621	\$ 241,884	\$ 246,195	\$ 250,553	\$ 254,958	\$ 259,409	\$ 263,904	\$ 268,442	\$ 273,022	\$ 277,642
Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refinance Loan Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidation of Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AVAILABLE CASH - DEBT SERVICE	193,535	207,680	217,053	221,065	225,129	229,243	233,407	237,621	241,884	246,195	250,553	254,958	259,409	263,904	268,442	273,022	277,642
Debt Service - Permanent	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)
AVAILABLE CASH - AFTER DEBT SERVICE	12,944	27,089	36,462	40,474	44,538	48,652	52,816	57,030	61,293	65,604	69,962	74,367	78,818	83,313	87,851	92,432	97,053
Fee Income to GP	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Fee Income to LP	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Debt Service - Refinance	2,944	17,089	26,462	30,474	34,538	38,652	42,816	47,030	51,293	55,604	59,962	64,367	68,818	73,313	77,851	82,432	87,053
Debt Service - Def Dev Fee	(2,944)	(17,089)	(26,462)	(30,474)	(34,538)	(38,652)	(42,816)	(47,030)	(51,293)	(55,604)	(59,962)	(64,367)	(68,818)	(73,313)	(77,851)	(82,432)	(87,053)
Debt Service - Soft Loan 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service - Soft Loan 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carryover Cash Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FORECASTED CASH AVAILABLE FOR DISTRIBUTION	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,385	\$ 29,981	\$ 32,184	\$ 34,409	\$ 36,656	\$ 38,925	\$ 41,216	\$ 43,528
ASL Mgmt Incentive Fee	0	-	0	0	0	-	-	-	-	6,692	14,991	16,092	17,204	18,328	19,463	20,608	21,764
Distributions to Limited Pts. (Sum)	0	-	0	0	0	-	-	-	-	6,692	14,991	16,092	17,204	18,328	19,463	20,608	21,764
ASL Distribution	0	-	0	0	0	-	-	-	-	3	7	8	8	9	10	10	11
HCH	0	-	0	0	0	-	-	-	-	3	8	8	9	9	10	11	11
TOTAL DISTRIBUTIONS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,392	\$ 29,996	\$ 32,200	\$ 34,426	\$ 36,675	\$ 38,945	\$ 41,237	\$ 43,549

SCHEDULE II

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
NET OPERATING RENTAL INCOME															
Revenues															
Rental Income	\$ 551,606	\$ 565,396	\$ 579,531	\$ 594,019	\$ 608,869	\$ 624,091	\$ 639,693	\$ 655,686	\$ 672,078	\$ 688,880	\$ 706,102	\$ 723,754	\$ -	\$ -	\$ -
Laundry and Vending	3,531	3,619	3,710	3,803	3,898	3,995	4,095	4,197	4,302	4,410	4,520	4,633	-	-	-
Misc. Income	1,648	1,689	1,731	1,775	1,819	1,864	1,911	1,959	2,008	2,058	2,109	2,162	-	-	-
Gross Potential Income	556,785	570,704	584,972	599,596	614,586	629,951	645,699	661,842	678,388	695,348	712,731	730,550	-	-	-
Forecasted Vacancies	27,839	28,535	29,249	29,980	30,729	31,498	32,285	33,092	33,919	34,767	35,637	36,527	-	-	-
Other Rental Concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vacancies & Reductions	27,839	28,535	29,249	29,980	30,729	31,498	32,285	33,092	33,919	34,767	35,637	36,527	-	-	-
EFFECTIVE GROSS INCOME (EGI)	528,945	542,169	555,723	569,616	583,857	598,453	613,414	628,750	644,468	660,580	677,095	694,022	-	-	-
Total Operating Expenses	225,611	233,508	241,681	250,139	258,894	267,956	277,334	287,041	297,087	307,485	318,247	329,386	-	-	-
NET OPERATING INCOME (LOSS)	\$ 303,334	\$ 308,661	\$ 314,042	\$ 319,477	\$ 324,962	\$ 330,497	\$ 336,080	\$ 341,709	\$ 347,381	\$ 353,095	\$ 358,847	\$ 364,636	\$ -	\$ -	\$ -
Funding of Replacement Reserves	(21,033)	(21,664)	(22,313)	(22,983)	(23,672)	(24,383)	(25,114)	(25,867)	(26,643)	(27,443)	(28,266)	(29,114)	-	-	-
Interest Income - Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FROM OPERATIONS	\$ 282,301	\$ 286,998	\$ 291,729	\$ 296,494	\$ 301,290	\$ 306,115	\$ 310,966	\$ 315,842	\$ 320,738	\$ 325,652	\$ 330,581	\$ 335,522	\$ -	\$ -	\$ -
Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	11,520,000	-	-
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	5,145,834	-
Refinance Loan Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidation of Reserves	-	-	-	-	-	-	-	-	-	-	-	-	52,893	-	-
AVAILABLE CASH - DEBT SERVICE	282,301	287,002	291,734	296,500	301,297	306,123	310,975	315,852	320,749	325,664	330,594	335,522	11,572,895	-	-
Debt Service - Permanent	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(180,591)	(1,013,873)	-	-
AVAILABLE CASH - AFTER DEBT SERV	101,710	106,411	111,143	115,909	120,706	125,532	130,384	135,261	140,158	145,073	150,004	154,931	10,559,022	-	-
Fee Income to GP	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	9,545,150	-	-
Fee Income to LP	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	-	-
Debt Service - Refinance	-	-	-	-	-	-	-	-	-	-	-	-	(331,487)	-	-
AVAILABLE CASH BEFORE SOFT LOAN	91,710	96,411	101,143	105,909	110,706	115,532	120,384	125,261	130,158	135,073	140,004	144,931	(27,624)	-	-
Debt Service - Def Dev Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service - Soft Loan 1	(26,203)	(27,545)	(28,897)	(30,258)	(31,628)	(33,007)	(34,393)	(35,786)	(37,185)	(38,589)	(39,997)	(41,408)	(1,800,000)	-	-
Debt Service - Soft Loan 2	(19,652)	(20,659)	(21,672)	(22,694)	(23,721)	(24,755)	(25,795)	(26,839)	(27,889)	(28,942)	(29,998)	(31,056)	(2,186,519)	-	-
Carryover Cash Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FORECASTED CASH AVAILABLE FOR DISTRIBUTION	\$ 45,858	\$ 48,207	\$ 50,574	\$ 52,958	\$ 55,357	\$ 57,770	\$ 60,197	\$ 62,635	\$ 65,084	\$ 67,543	\$ 70,008	\$ 72,477	\$ 26,649,051	-	-
ASL Mgmt Incentive Fee	22,929	24,104	25,287	26,479	27,678	28,885	30,098	31,318	32,542	33,771	35,004	36,237	13,324,526	-	-
Distributions to Limited Pts. (Sun)	22,929	24,104	25,287	26,479	27,678	28,885	30,098	31,318	32,542	33,771	35,004	36,237	13,324,526	-	-
ASL Distribution	11	12	13	14	15	16	17	18	19	20	21	22	580	-	-
HCH	12	13	14	15	16	17	18	19	20	21	22	23	603	-	-
TOTAL DISTRIBUTIONS	\$ 45,881	\$ 48,231	\$ 50,599	\$ 52,984	\$ 55,384	\$ 57,799	\$ 60,227	\$ 62,667	\$ 65,117	\$ 67,576	\$ 70,043	\$ 72,510	\$ 26,662,376	-	-

May 27, 2003
HERITAGE PARK AT ARCADIA (SPP)
SCHEDULE OF FORECASTED SOURCES & USES OF FUNDS
FOR THE PERIOD JANUARY 1, 2004 THROUGH JANUARY 1, 2034

SOURCES OF FUNDS

	<u>Total</u>	
First Mortgage	2,500,000	
AHP	450,000	
Deferred Dev Note	227,678	Capitalized Fee cannot exceed \$660,000
City of Arcadia	1,800,000	
County of LA	1,350,000	
GP Equity	100	
Grants and Federally-Subsidized Loans:		
All grant proceeds and BMIR Loans used to finance costs in eligible basis	-	
Historic Credits	-	
Return from Sale of Tax Credits	<u>2,327,101</u>	
TOTAL SOURCES OF FUNDS	<u>8,654,879</u>	

USES OF FUNDS

Land and Building Acquisition	1,836,000
Construction "Hard" Costs	3,991,049
Contractor and Developer Fees	1,073,486
Soft Costs	<u>1,754,344</u>
TOTAL USES OF FUNDS	<u>\$ 8,654,879</u>

EXHIBIT "N" TO LOAN AGREEMENT

CONSTRUCTION REQUIREMENTS

The Borrower's receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the Project is conditioned upon the Borrower's adherence to certain construction requirements imposed by the Commission in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT "N". The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT "N" or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by the Commission for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

1. Submittals and Review Procedure; Construction Monitoring

(a) For purposes of this EXHIBIT "N":

(i) "Construction Documents" shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) "Empirical Cost Model" shall mean a cost model which the Commission may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by the Commission.

(b) The Borrower's submittal requirements shall include the following:

(i) The Borrower shall submit to the Commission within 20 days of the execution of this Agreement a Project team-staffing plan ("Staffing Plan") for review and approval by the Commission. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to the Commission within 20 days of the execution of this Agreement a detailed development schedule ("Development Schedule") for review and approval by the Commission. The Borrower shall incorporate any changes or corrections requested by the Commission in a revised schedule to be submitted to the Commission within 10 days after receiving comments from the Commission with respect

to the original schedule submitted, as provided above. The Development Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT "N". The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT "N".

(iii) The Borrower shall submit to the Commission within 20 days of the approval of the Construction Contract a detailed construction schedule ("Construction Schedule") for review and approval by the Commission. The Borrower shall incorporate any changes or corrections requested by the Commission in a revised schedule to be submitted to the Commission within 10 days after receiving comments from the Commission with respect to the original schedule submitted, as provided above. The Construction Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The Construction Schedule shall follow the recommendations of the latest edition of the Associated General Contractors of America book, Using CPM in Construction. The original submittal and required monthly updates shall be submitted on floppy disk and two plotted hard copies (this will include both Gantt chart and CPM network plots).

(iv) The Borrower shall provide to the Commission a draft completed regulatory "Entitlement Review" package for the Commission review and approval prior to any formal submittal to the controlling land use jurisdiction or other regulatory agency. This package shall be submitted to the Commission not later than 14 days prior to the submittal to the regulatory body.

(v) The Borrower shall submit to the Commission within 30 days of the execution of this Agreement basic concept drawings ("Basic Concept Drawings") for review and approval by the Commission. The Basic Concept Drawings shall be in form and content as directed from time to time by the Commission.

(vi) Based on, and within 60 days of the Commission's approval of, the Basic Concept Drawings, the Borrower and its design team shall submit to the Commission for review and approval by the Commission certain design development plans and related documents ("Design Development Plans") for the following phases of design: expanded conceptual design; schematic design; design development; construction cost estimates for schematic design and design development, including any value engineering analysis; value engineering review; and constructability analysis review. The Borrower will include ten (10) business days for each review in the Development Schedule and adequate redesign time to respond to the Commission comments as required.

(vii) Based on the approved Design Development Plans, the Borrower and its design team shall prepare and submit to the Commission for review and approval by the Commission the preliminary drawings and 50% construction documents (the "Preliminary Drawings"). The 50% submittal shall include a detailed cost estimate and a

list of value engineering considerations representing a savings goal of 10% of the overall Project budget.

(viii) The final working drawings and 100% construction documents (the “Final Drawings”) submittal shall contain a complete and coordinated package adequate to obtain building permits and build the Project with a minimum of change orders. If required by the Commission, the Borrower and its design team shall submit evidence of a constructability review from a licensed contractor knowledgeable in the type of construction and project proposed. A final cost estimate shall be submitted reflective of the various value engineering and constructability review efforts to date. If the final construction document package cost estimate exceeds the Empirical Cost Model, the Borrower shall be required to demonstrate to the Commission the reason why the cost overrun occurred and may be required to make adjustments to meet the Empirical Cost Model.

(ix) The Construction Documents shall include all related work for the Project, including but not limited to the buildings, grading, landscaping, site improvements, off-site improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, the Commission staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by the Commission. The Commission and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Commission can receive prompt and speedy consideration. The Borrower will incorporate the Commission’s Construction Management Division AF101 specifications sections into the Construction Documents, as required by law.

(c) The Borrower shall submit to the Commission in accordance with the Development Schedule a construction contract (“Construction Contract”) for review and approval by the Commission. The Construction Contract shall utilize the appropriate and most recent AIA form of Standard Agreement and General Conditions and shall contain such modifications and additions to such AIA forms as the Commission may require.

(d) Intentionally Omitted.

(e) Intentionally Omitted.

2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by the Commission and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by the Commission required to establish the amount and time lines of the

payment requested, together with a certificate from the Project architect pursuant to the Construction Contract certifying that all disbursements requested are properly due. Unless otherwise specified by the Commission or except for the Predevelopment Loan, payments made by or on behalf of the Commission in response to these requests are to be in the form of two-party checks, listing the Borrower and the additional party requesting payment as payees and requiring the signatures of each. In addition, the recipient(s) of the disbursement checks for services rendered or materials provided, shall be required to sign, as applicable, conditional or unconditional waivers and releases, both in statutory form, warranting that no further claims will be made of the Commission for those services or materials. Exception to this requirement is made for checks made to government entities. All disbursements pursuant to this EXHIBIT "N" shall be made through a Commission-approved construction disbursement agency, as set forth below.

(b) Unless otherwise specified by the Commission or except for the Predevelopment Loan, the Loan funds provided by the Commission hereunder are to be disbursed through a Commission-selected construction disbursement agency (the "Agency") pursuant to (i) an agreement between the Commission and the Agency; and (ii) an agreement between the Commission, the Agency, the General Contractor and the Borrower (the "Multi-Party Agreement"). At the request of the Commission, the Borrower shall enter into the Multi-Party Agreement. The Borrower shall also require the General Contractor under the Construction Contract to enter into the Multi-Party Agreement at the request of the Commission. The Multi-Party Agreement shall set forth all the terms and conditions under which the Agency, on behalf of the Commission, shall fund construction draw requests with respect to the Project. The Multi-Party Agreement shall include, without limitation, a disbursement schedule, a list of payees to whom disbursement may be made, and a procedure for the approval by the Commission of any additional payees not specifically enumerated in the Multi-Party Agreement. Alternatively, the Commission may enter into an agreement ("Intercreditor Agreement") with the provider of any Senior Financing whereby such provider agrees to disburse the Loan funds and act as the Disbursement Agent under this Agreement in which case Borrower and Borrower's General Contractor shall comply with all applicable requirements of the Intercreditor Agreement and any Multi-Party Agreement or other implementing agreement entered into pursuant thereto.

(c) Whenever the funding source for any procurement described herein imposes additional or different requirements than those established herein, such additional or different requirements shall be complied with.

3. Insurance and Bonding.

(a) The purpose of this Section is to establish insurance and bonding procedures to protect the Commission's personal and property rights and purchases of supplies, equipment, construction and contractual services.

(b) The insurance and bonding procedures shall be conducted in full compliance with Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions. The insurance coverage will include comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding \$100,000. See (d) below.

(c) The Borrower shall require in the Construction Contract that the contractor ("Contractor") shall procure and maintain at Contractor's expense (and require all subcontractors and sub-subcontractors to procure and maintain at their expense) for the duration of the Construction Contract the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Contractor, its agents, representatives, employees, subcontractors or sub-sub contractors, and that the Contractor and all subcontractors and sub-subcontractors shall otherwise meet the insurance requirements set forth below:

(i) Comprehensive General Liability: \$1,000,000 combined single limit for each occurrence (\$2,000,000 General Aggregate) for bodily injury, personal injury and property damage, including products and completed operations coverage.

(ii) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(iii) Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(iv) Contractor shall furnish the Commission with certificates of insurance maintained by it (and all subcontractors and sub-subcontractors) with original endorsements affecting coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(v) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to the Commission.

(vi) Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of our equivalent to A:VIII by A.M. Best Company. Any deviations from this rule shall require specific approval in writing.

(vii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to the Commission.

(viii) Any self-insurance program and self-insured retention must be separately approved by the Commission.

(ix) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "N" shall constitute an Event of Default under this Agreement and the Commission may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(x) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of the Commission.

(xi) The Community Development Commission and the County of Los Angeles, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "N", including insurance coverage to be obtained as respects liability arising out of activities performed by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.

(d) The following bonding and guaranty procedures and requirements must be adhered to:

(i) For construction contracts exceeding \$100,000, the Borrower shall require its Contractor pursuant to the Construction Contract to submit to the Commission the following, unless otherwise required by State or local laws or regulations:

- (A) a performance and payment bond for 100% of the contract price; or
- (B) a 20% cash escrow; or
- (C) a 25% irrevocable letter of credit.

EXHIBIT "O" TO LOAN AGREEMENT

HOME PROGRAM REQUIREMENTS

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the tenant monitoring procedures established by the Commission in compliance with the HOME Program pursuant to 24 CFR Part 92 Sections 252 and 253.

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

WHAT SECTION 504 REQUIRES

Remove Physical Barriers

The usual standards for ensuring compliance with Section 504 are the Uniform Federal Accessibility Standards (UFAS), although deviations are permitted in specific circumstances.

Provide Program Accessibility

Individuals with handicaps must be able to find out about, apply for and participate in federally-assisted programs or activities.

Special communication systems may be needed for outreach and ongoing communication (e.g. Telecommunications Device for the Deaf (TDD); materials on tape or in Braille; accessible locations for activities and meetings)

Policies and procedures must be non-discriminatory (e.g., housing providers cannot ask people with handicap questions not asked of all applicants, screen individuals with handicaps differently or assess an individual's ability to live independently.)

Make Employment Accessible

Employers must not discriminate (e.g. cannot ask questions not asked to all applicants; cannot require physical examinations before making a job offer.)

Employers must remove physical and administrative barriers to employment

Employers must make reasonable accommodations for individuals with known handicaps (e.g., job restructuring; providing readers or sign interpreters; making facilities accessible.)

Meet Administrative Requirements

If recipient(s) or sub recipient(s) have 15 or more employees, they must:

- Designate a Section 504 Coordinator
- Notify program participants and employees of non-discrimination policies.

All recipients and sub recipients must conduct self-evaluations of compliance with Section 504

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "P" TO LOAN AGREEMENT

COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission's Board of Commissioners may terminate this Agreement.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is the Commission's policy to encourage Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Borrower's place of business. CSSD will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous

places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which

indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.

- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- G. These terms shall also apply to subcontractors of Commission Borrowers.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the

parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be

incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinance

Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

EXHIBIT "Q" TO LOAN AGREEMENT

SITE PLAN & ELEVATIONS

PLAN
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SUBMITTAL
JUNE 24, 2009

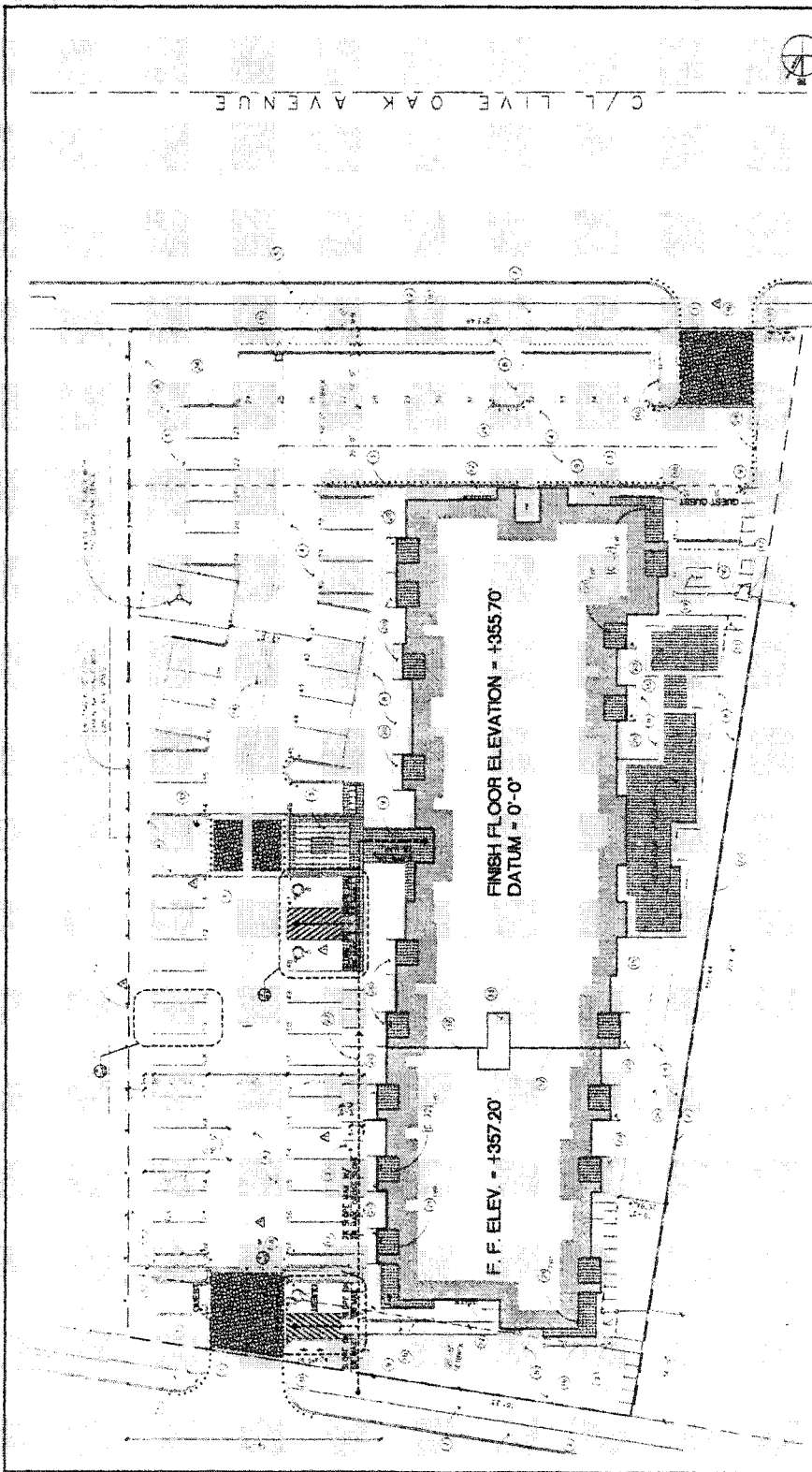
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ARCADIA
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SITE PLAN

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SITE PLAN

GENERAL NOTES:

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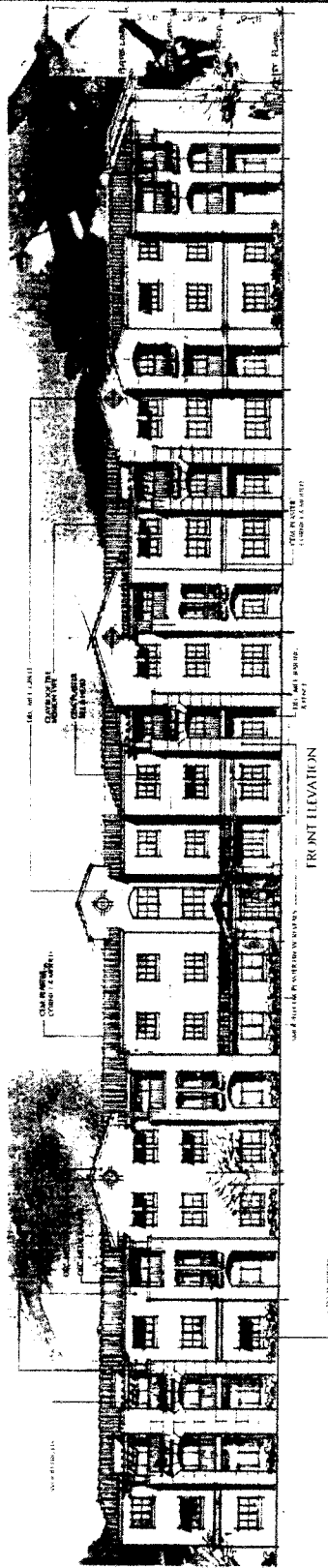
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1. 1. The following are the names of the persons who have been
2. appointed to the position of Assistant Secretary of the
3. Department of the Interior, and the date of their appointment:
4. Mr. J. H. ...
5. Mr. ...
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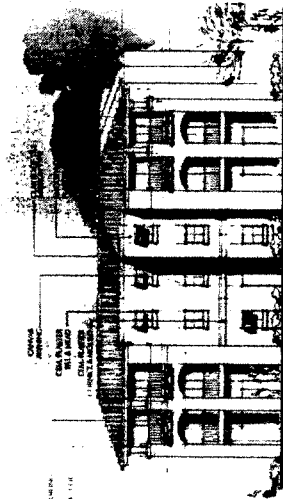
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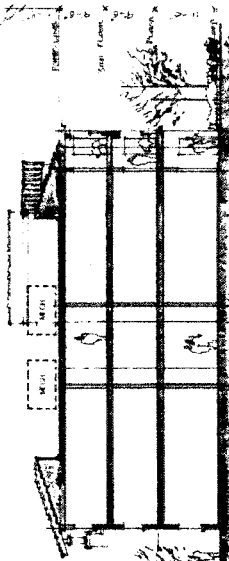
FRONT ELEVATION



RECEIVED
MAY 11 1965



SIDE FILTRATION



TYPICAL BUILDING: SECTION



BACK FLUTATION

CURRENT PROPERTY
OWNER:
DIANA TSE
1834 RIDGECREST ST.
MONTREY PARK, CA 91754
INVEICTED BY:

AMERICAN
SENIOR
LIVING

1740 EAST CARY AVE.
SUITE 105
SANTA ANA, CA 92705

HERITAGE PARK
ARCADIA, CALIFORNIA

04

Building Elevations & Section

EXHIBIT "R" TO LOAN AGREEMENT

FEDERAL LOBBYIST REQUIREMENTS
CERTIFICATION

**Community Development Commission/
Housing Authority
County of Los Angeles**
FEDERAL LOBBYIST REQUIREMENTS

CERTIFICATION

Name of Firm: Arcadia Heritage Park, L.P.

Date: December 9, 2002

Address: 1740 E. Garry Avenue, Suite 105, Santa Ana

State: CA

Zip Code: 92705

Phone No.: 949 224-1800


Acting on behalf of the above named firm, as its Authorized Official, the following Certification to the United States Department of Housing and Urban Development (HUD) and the Community Development Commission/Housing Authority, County of Los Angeles:

- 1) No Federal appropriated funds have been paid, by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;
- 2) If any funds other than Federal appropriation funds have been paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and;
- 3) The above named firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U.S.Code. Any person who fails to file the required certification shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Authorized Official:

Name: Roger Davila Title: Vice President, ASL Arcadia, Inc., Developer General Partner

Signature: 

Date: December 9, 2002

EXHIBIT "S" OF THE LOAN DOCUMENT

MANAGEMENT PLAN

ARCADIA HERITAGE PARK

Marketing, Application and Tenant Selection Plan

January 21, 2000
(Revised)

Arcadia Heritage Park, L.P.
c/o American Senior Living
1740 East Garry Avenue, Suite 105
Santa Ana, California 92705
Telephone: (949) 224-1800
Fax: (949) 224-1805

In cooperation with:

Arcadia Redevelopment Agency
c/o Development Services Department
240 West Huntington Drive
Arcadia, California 91066-6021
Telephone: (626) 574-5408
Fax: (626) 447-3309

1.0 Overall Marketing Objective

- a. To lease-up Heritage Park at Arcadia, as much as permitted by law and regulations, to income-qualified seniors who are currently living within the Arcadia city limits; and secondarily to eligible seniors in the area surrounding Arcadia.
- b. To provide a balanced tenant composition (sex, age, race, ethnicity, national origin, religion).

2.0 Marketing Strategy

The following marketing strategy will be utilized to achieve the overall marketing objective.

- Generate awareness of Arcadia Heritage Park among Arcadia seniors and community influencers through the programs below:
 - Direct Marketing
 - Public Relations
 - Directory Advertising
 - Media Advertising
- Generate and maintain prospect communication through an initial "Interest" list comprised of telephone inquiries resulting from publicity about the project in local news media, signage at the development site (including an "800" number), groundbreaking news release, and local advertising in Arcadia and the Arcadia area.
- Build and maintain prospect and community influencer relationships through a community relations program with the City departments, Arcadia non-profits, community service organizations, and churches (see sample list, Attachment 1).
- Work with the Los Angeles County Housing Authority to secure information regarding the possible waiting list of Arcadia senior citizen Section 8 voucher holders.
- In the event sufficient interest is not generated from the Arcadia area, expand the marketing effort to the San Gabriel Valley, and then to the greater Los Angeles/Long Beach area by press and audio/visual announcements.

3.0 Geographic Market

- Primary Market Area (PMA) is within the City limits of Arcadia.
- The Secondary Market Area (SMA) is within a three to five mile radius of the site, i.e., the western San Gabriel Valley.

- The Tertiary Market Area (TMA) is the greater Los Angeles/Long Beach area.

Basic Eligibility

- Age 62 years or older (per Fair Housing Act, Title VIII of the Civil Rights Act of 1968, 424.5.C.3607(b)(2)(B); 24 C.F.R. 100.303(a).
- Income ranges from \$19,300 for a single person (very low income) to \$29,760 for three people (low income). (See below)

Income Limits (2002)	<u>1 Person</u>	<u>2 People</u>	<u>3 People</u>
Very Low	\$19,300	\$22,050	\$24,800
Low	\$23,160	\$26,460	\$29,760

- Documented "good standing" based on renter/owner check, income verification, age.

4.0 Marketing Programs

Directory Advertising

Advertise initially and annually in:

- Senior Service Directory (City of Arcadia Senior Citizens Division)
- Neighborhood and Public Service Directories
 - Pacific Bell and General Telephone
 - Donnelly Directory
 - Chamber of Commerce list of community organizations
 - Community Service Organizations themselves
 - Senior Housing Directories
 - Arcadia area rental guides
 - Housing Authority of the County of Los Angeles
 - Arcadia Churches, Temples, Synagogues and other places of worship

Media Advertising

Primary Market Area (PMA) - Advertise in the Arcadia Weekly.

Secondary Market Area (SMA) - Advertise in the Pasadena Star News, San Gabriel Valley Tribune, Sierra Madre Weekly, Monrovia Weekly and Penny Saver.

Tertiary Market Area (TMA) – Advertise in the Los Angeles Times, La Opinion, Daily News, Long Beach Press Telegram, and other regional, minority and ethnic print and audio/visual media.

Direct Marketing

Utilize market research databases to compile a list of possible qualified prospects in the Arcadia PMA.

- Preparation and distribution of a brochure/flyer to community organizations, individuals, and senior meeting places.

5.0 Wait List Policy and Procedures

- Names will be placed on the "Interest" list in order of the inquiry. An Interest Form will be mailed to each interested party (see Attachment 2).
- Only one (1) name per address/household will be permitted to submit an Interest Form and be placed on the waiting list. Should more than one (1) application per name or household be discovered, all applications from that name and household will be disqualified.
- In order to be put on the "Waiting List" each applicant must return the signed "Interest Form," (Attachment 2) and must pay a \$200 refundable deposit to "American Senior Care." This \$200 will be returned to the applicant if he/she is not selected in the Lottery or is otherwise ineligible for tenancy.
- Once a wait list applicant has submitted the \$200 deposit, signed and returned the completed Interest Form, they will be given a receipt with a number. This will act as the applicant's Wait List Number. There will be only one Wait List Number assigned to each application, no matter how many people are listed on the Interest Form.
- The Interest Form, deposit account and Wait List records and Wait List Number will be kept at the American Senior Care corporate office, 1740 East Garry Avenue, Suite 105, Santa Ana, California 92705, (949) 224-1800 (Ms. Aimee Staudt).
- Monthly contact will be made via Newsletters keeping the Wait List applicants aware of the selection and subsequently the construction progress, etc.

6.0 Applicant Screening Process- to begin 90 days prior to occupancy

- The applicant screening process will be based upon each applicant's Wait List Number.

All applicant names on the Wait List will be placed in a Lottery (by Wait List Number). Note – only the Applicant's Wait List Number will be entered.

The following **priority** shall be made.

Eligible applicants residing in Arcadia for twenty (20) or more years (e.g., 6,936 days) from December 31, 2002 shall have five (5) balls with their Wait List Number placed in the Lottery drum.

Eligible applicants residing in Arcadia for more than five (5) years (e.g., 1,461 days) but less than twenty (20) years (e.g., 6,935 days) shall have three (3) balls with their Wait List Number placed in the Lottery drum.

Eligible applicants residing in Arcadia for more than two (2) years (e.g., 730 days) but less than five (5) years (e.g., 1,460 days) shall have two (2) balls with their Wait List Number placed in the Lottery drum.

All other eligible applicants shall have one (1) ball with their Wait List Number placed in the Lottery drum.

The initial selection shall be made on _____ at _____ a.m./p.m. in Arcadia City Hall Council Chambers, 240 West Huntington Drive.

A list of the winners in the order drawn shall be prepared by Arcadia Heritage Park, L.P.

A certified letter, return receipt requested, shall be sent to the first seventy five (75) names drawn. The first fifty three (53) applicants shall be informed of their potential tenancy; the twenty two (22) others shall be informed they may be tenants if one of the fifty three (53) are ineligible for any reason.

- Each applicant selected then will have twenty one (21) calendar days to complete a detailed in-person questionnaire with an Arcadia Heritage Park representative.
NOTE: Arcadia Heritage Park staff will conduct interviews in Arcadia, probably at the Community Center on Huntington Drive at Holly Avenue/Campus Drive. Potential tenants will not have to travel to the American Senior Living Office in Santa Ana.
- Applicants will need to provide proof of age and social security (Identification card, or Drivers License, and a valid social security card).
- Applicants will need to provide proof of all income and assets (equity).
- Applicants will be required to pay an additional \$200 (to add to the previous \$200 deposit for a total of \$400), pay \$25 for a credit report, and pay one month's rent.

Summary -	\$200 – previously paid deposit – due at submission of Interest Form
	\$200 – second payment on security deposit (total \$400) – due after

Lottery selection and filing of detailed tenant application
\$25 – credit report fee - due after Lottery selection and filing of
detailed tenant application

To be determined (TBD) – first months rent. This amount will depend
on the applicant's income and family size (1 or 2 bedroom).

Total – \$425, plus first month's rent

The preliminary rent for one bedroom is \$472/month, plus an estimated \$44/month utility charge (total - \$516/month). Two bedroom rent is \$576/month plus an estimated \$44/month utility charge (total - \$620/month). These amounts are only estimates and will change (i.e., higher).

- Applicants will need to complete an official application to rent. (Applicants will be required to make at least 1.5 times the monthly rent.)
- Applicants will need to provide previous ownership and/or rental history contact information for verification by Heritage Park representatives.
- Applicants must have no previous evictions and/or judgments concerning previous rental history.
- Applicants must not be in a current bankruptcy.

Arcadia Heritage Park will verify the information submitted by the 53 selected in the Lottery. If verified, they will become tenants in the development. If the information submitted is not verified, or is significantly inaccurate in the opinion of Arcadia Heritage Park, the applicant shall be ineligible to re-apply for a period of one (1) year.

**ATTACHMENT 1
TO
MARKTING, APPLICATION AND TENANT SELLECTION PLAN**

**ARCADIA COMMUNITY ORGANIZATIONS
Arcadia Heritage Park Senior Housing Project**

CIVIC, MUNICIPAL, AND GENERAL WELFARE

Arcadia Chapter – American Red Cross

376 West Huntington Drive, Arcadia 91007; Phone: 447-2193; Fax: 445-4147

Arcadia Meals on Wheels

American Red Cross – Arcadia Chapter – 376 West Huntington Drive, Arcadia 91007
Phone: 447-2192

Arcadia Welfare & Thrift Shop

323 North First Avenue, Arcadia 91006, 447-2881. Meets second Wednesday each month
4:00 p.m. at First Federal Bank, Santa Anita & Foothill Boulevard.

Assistance League of Arcadia

100 South Santa Anita, Arcadia; Phone 446-7605; Meets fourth Tuesday each month
10:00 a.m. at the Assistance League House,

Santa Anita Family Service

605 South Myrtle Avenue, Monrovia 91016; Phone: 359-9358

SERVICE CLUBS

Arcadia Sunrise Rotary Club

President, Don Fandry 447-6962. Contact person Russ Garside 574-1582. Meets each
Wednesday at 7:10 a.m. / Santa Anita Golf Course Bar & Grill.

Altrusa Club of Arcadia

President, Carolyn Castillo, 792-3225, 330 E. Cordova #130, Pasadena, CA 91101. Meets
second Wednesday each month at 6:30 p.m. in Arcadia Chamber Board Room.

Civitan Club of Arcadia (Raises funds for high school scholarships, disabled, etc.)

President, Linda Colley, 3355 Rubio Canyon Road, Altadena 91001. Meets second and fourth Tuesdays each month at 7:00 p.m. – Casa Romero Mexican Restaurant, 101 South First Avenue, Arcadia 91006.

Lions Club of Arcadia

President, George Sanders, Post Office Box 660571, Arcadia 91066; Phone: 449-7898. Meets Thursdays 12:15 p.m. – Casa Romero Mexican Restaurant, 101 South First Avenue, Arcadia.

Quota Club of Arcadia (Raises funds for hearing impaired individuals)

President, Daisy Martin, 111 South Hidalgo, Alhambra 91801; Phone: 282-7582. Contact person, Delfina Rodriguez, 217 North Lake Avenue, Suite C, Altadena 91101. Meets second Thursday each month at 7:00 p.m. - Colonial Kitchen, 1110 Huntington Drive, San Marino.

Rotary Club of Arcadia

President, Bob Novell, Post Office Box 660638, Arcadia 91066; Phone: 447-0236; Fax 447-0236. Contact person, Barbara Barnes; Phone: 447-0236. Meets each Friday at 12:00 noon – Embassy Suites, Arcadia.

Soroptimist International of Arcadia and Monrovia

President, Ann Durgerian; Phone: 574-1331. Call Ann for meeting time and location.

**ATTACHMENT 2
TO
MARKTING, APPLICATION AND TENANT SELLECTION PLAN**

ARCADIA HERITAGE PARK INTEREST FORM

Note: This form must be completely and accurately filled out, signed by all potential interested tenants, and returned to American Senior Care, 1740 East Garry Avenue, Suite 105, Santa Ana, California 92705 (Fax not accepted).

1.

Applicant Name	Birth Date	
<hr/>		
Address	Apt	
<hr/>		
City	State	Zip Code
<hr/>		
Telephone	Fax	E-mail
<hr/>		
2. Length of time you have lived at this address.

3. If you have lived at the above address less than three (3) years, please provide your previous address.

Address	City
<hr/>	
4. Length of time at this address. from

 to

5. Spouse's Name:

(if to be co-tenant) Birth Date
6. Other third-party (non-spouse) proposing to share tenancy, (if any):

Name:

Birth Date
7. Relationship to applicant:

8. Assets/Equity – Per federal guidelines, the value of each applicant's and co-tenant's assets (net of mortgages, etc.) will be calculated. This amount shall be multiplied by a ten percent (10%) interest factor and that figure shall be added to income (NOTE: the Developer can elect to apply a lesser market rate, e.g. 2-3%, for the purposes of making this calculation). Eligibility shall be based on total annual income.

Annual Income Restrictions (per 2002 – U.S. Federal Housing and Urban Development).
NOTE: These may be revised in February 2003

	1 Person	2 People	3 People
Very Low	\$19,300	\$22,050	\$24,800
Low	\$23,160	\$26,460	\$29,760

Certification

- I/We certify that I am at least 62 years of age, that my spouse and/or other interested party is at least 62 years of age.
- I/We certify that my/our annual income is less than shown in "Annual Income Restrictions" above.
- I/We certify that I/We are reasonably certain that my/our assets/equity as defined in paragraph 8 above will not be sufficient to disqualify me/us on the basis of income.
- I/We certify that my/our current (and previous address) is as stated in paragraphs 1 to 4 above.
- I/We acknowledge and understand that the Arcadia Heritage Park facility is not planned to be nor will it be an assisted living facility, convalescent home, congregate care facility, or nursing home. We acknowledge that the facility is designed and intended to be used by active seniors in reasonably good health. Disabled and/or handicapped seniors or spouses or third parties are eligible to apply.

If you are initially selected through the Lottery, you (and your spouse and/or other third party) will be required to provide additional information and documentation verifying all of the information above and as may then be requested. Significant differences in the documentation submitted from this Interest Form or unresponsive reasonable requests for verification will result in removal from further consideration for tenancy for one (1) year.

Applicant
Signature:

Applicant

Date

Print name

Other
Signature:
(if any)

Spouse

Date

Print name

Signature:
(if any)

Other Party

Date

Print name